

Company: San Diego Gas & Electric Company (U902M)
Proceeding: 2016 General Rate Case
Application: A.14-11-____
Exhibit: SDG&E-39

SDG&E

**DIRECT TESTIMONY OF CYNTHIA S. FANG
(ELECTRIC REVENUES AND RATES)**

November 2014

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



A  Sempra Energy utility®

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APPENDIX A: Electric and Gas Revenues Reflecting Smart Pricing Program

SUMMARY

- System average electric rates revenue decreases -0.5% over 2015 estimated rates and decreases -5.4% over currently effective 2014 rates. The decrease over 2015 estimated rates is less than the change from currently effective 2014 rates as a result of the removal of SONGS from 2015 estimated rates.
- When comparing 2015 estimated rates to the 2016 GRC Phase 1 rates, the typical Inland residential customer with basic service that uses 500 kWh per month would see a decrease in their electric bill of \$0.19 per month, or -0.2%, in the summer, and \$0.25 per month, or -0.3% in the winter under the current residential rate design structure. The typical Coastal residential customer with basic service that uses 500 kWh per month would see a decrease in their electric bill of \$0.39 per month, or -0.4% in the summer, and \$0.33 per month, or -0.3% in the winter.
- When comparing currently effective 2014 rates to the 2016 GRC Phase 1 rates, the typical Inland residential customer with basic service that uses 500 kWh per month would see a decrease in their electric bill of \$0.59 per month, or -0.6%, in the summer, and \$0.70 per month, or -0.7% in the winter under the current residential rate design structure. The typical Coastal residential customer with basic service that uses 500 kWh per month would see a decrease in their electric bill of \$1.18 per month, or -1.1% in the summer, and \$0.94 per month, or -0.9% in the winter.
- The residential bill impacts presented reflect the approved Settlement Agreement for SDG&E's Phase 2 Interim Residential Rate Design Changes (D.14-06-029) that was effective August 1, 2014.
- In the event that SDG&E does not receive a decision in its 2016 GRC Phase 1 in time to implement rates effective January 1, 2016, SDG&E proposes not to adjust rates for the roll-off (completion of the 28-month amortization ending December 31, 2015) of General Rate Case Memorandum Account ("GRCMA") balances associated with its 2012 GRC Phase 1 in order to avoid rate volatility for our customers.

1 **SDG&E DIRECT TESTIMONY OF CYNTHIA S. FANG**
2 **(ELECTRIC REVENUES AND RATES)**
3

4 **I. INTRODUCTION**

5 The purpose of my testimony is to: (1) present a summary of the electric revenue and rate
6 changes that would result from adoption of the Test Year 2016 General Rate Case (“GRC”)
7 proposals of San Diego Gas & Electric Company (“SDG&E”),¹ and (2) present estimates of
8 residential customer bill impacts. In addition, my testimony presents SDG&E’s “rate
9 stabilization” proposal wherein if SDG&E is not granted a final decision in its 2016 GRC in
10 time to implement by January 1, 2016, SDG&E is proposing to maintain its GRC related revenue
11 requirements, including the General Rate Case Memorandum Account (“GRCMA”), at the 2015
12 levels until such time as SDG&E’s 2016 GRC revenue requirements are authorized by the
13 California Public Utilities Commission (“Commission”) and implemented in rates.

14 **II. SUMMARY OF PRESENT AND PROPOSED ELECTRIC REVENUES AND**
15 **RATES**

16 The following tables show current and proposed revenues and rates by major customer
17 class. SDG&E has five customer classes: residential, small commercial (generally defined as
18 non-residential customers with demand less than 20 kW), medium and large commercial and
19 industrial (“M/L C&I”) (generally defined as non-residential customers with demand 20 kW and
20 greater), agricultural, and streetlighting. SDG&E’s proposals in this proceeding would result in
21 changes to distribution, commodity and nuclear decommission rate components to reflect the
22 requested change in revenue requirements. Ordering Paragraph 17 of Decision (“D.”) 12-12-004
23 in SDG&E’s Application for Approval of its Proposals for Dynamic Pricing and Recovery of
24 Incremental Expenditures Required for Implementation (A.10-07-009), requires that “[c]osts
25 related to this decision, ..., shall be collected from San Diego Gas & Electric Company
26 customers through generation rates, to ensure that these costs are not collected from community
27 choice aggregator and direct access customers.” In compliance with that decision, the rates
28 presented reflect the reclassification of the Smart Pricing Program (“SPP”) related revenues such
29 that the collection of these costs occurs through generation, otherwise known as commodity,

¹ This GRC Application addresses Phase 1 cost of service proposals. SDG&E separately files a GRC Application for Phase 2, which addresses electric marginal costs, revenue allocation and rate design.

1 rates. The revenue requirements presented in the testimony of SDG&E witness Khai Nguyen
2 reflect costs related to the SPP revenues as part of distribution base margin. Appendix A reflects
3 the reallocation of these costs to generation in order to comply with this decision. This does not
4 change the overall revenue requirement. Furthermore, the rates presented reflect the update to
5 authorized sales forecast for Test Year 2016 sales forecast sponsored by SDG&E witness
6 Kenneth Schiermeyer (Ex. SDG&E-31). While SDG&E does not propose any changes to the
7 allocation of revenues among the different customer classes as part of this proceeding,
8 differences in the change by customer class from current authorized sales to updated authorized
9 sales for Test Year 2016 will result in different levels of impact to class average rates. Revenue
10 and rates changes include the impact of SDG&E's proposed Franchise Fee and Uncollectibles
11 ("FF&U") revenue change.

12 Table 1 presents the comparison of 2015 estimated revenues and SDG&E's 2016 GRC
13 Phase 1 proposed electric revenues by customer class as well as the comparison of 2015
14 estimated rates and SDG&E's proposed 2016 GRC Phase 1 rates by customer class. SDG&E's
15 GRC Phase 1 as proposed would result in a decrease to electric revenues of \$18.5 million, or
16 -0.5%, with a system average rate impact of 0.1 cents/kWh, or -0.7%, compared to 2015
17 estimated rates.

18 Table 2 presents the comparison of currently effective 2014 revenues and SDG&E's 2016
19 GRC Phase 1 proposed electric revenues by customer class as well as the comparison of
20 currently effective 2014 rates and SDG&E's proposed 2016 GRC Phase 1 rates by customer
21 class. SDG&E's GRC Phase 1 as proposed would result in a decrease to electric revenues of
22 \$204.5 million, or -5.4%, with a system average rate impact of 0.3 cents/kWh, or -1.3%,
23 compared to current effective 2014 rates. This decrease includes the impact of the removal of
24 most San Onofre Nuclear Generating Station ("SONGS") costs in 2016 revenue requirement.²
25 While SDG&E does not propose any changes to the allocation of revenues among the different
26 customer classes as part of this phase, greater than average reduction in class average sales from
27 current authorized for the M/L C&I and streetlighting customer classes are resulting in increases
28 to average rates for these customer classes despite overall reductions in class revenues.

² The SONGS testimony of Michael De Marco (Ex. SDG&E-12) discusses the removal of SONGS-related costs from this GRC, with the exception of specific O&M and capital costs.

1 Table 3 presents the comparison of current effective 2014 revenue requirements adjusted
2 for the removal of most SONGS (“Adjusted 2014”) and SDG&E’s 2016 GRC Phase 1 proposed
3 electric revenue requirements by customer class as well as the comparison of Adjusted 2014
4 rates and SDG&E’s proposed 2016 GRC Phase 1 rates by customer class. SDG&E’s GRC Phase
5 1 as proposed would result in an increase to electric revenue requirements of \$17.4 million, or
6 0.5%, with a system average rate impact of 0.0 cents/kWh, or 0.2%, compared to Adjusted 2014.

7 //

8 //

Table 1

**SDG&E – Electric Department
Summary of Electric Revenue by Major Customer Class**

Line No.	Customer Class	Total Revenues ¹		Change ⁴		Line No.
		2015 Estimated ²	2016 GRC Phase 1 ³	\$	%	
1	Residential	1,528.5	1,520.8	(7.8)	-0.5%	1
2	Small Commercial	444.5	442.8	(1.7)	-0.4%	2
3	M/L C&I	1,576.3	1,567.7	(8.6)	-0.5%	3
4	Agriculture	58.9	58.6	(0.3)	-0.6%	4
5	Lighting	18.9	18.8	(0.1)	-0.5%	5
6	System	3,627.1	3,608.6	(18.5)	-0.5%	6

¹ Includes Utility Distribution Company revenues plus Generation/Commodity revenues based on TY 2016 Sales.

² Estimated 2015 base margin includes 1) only SONGS spent fuel storage and SONGS Master Insurance program ("MIP") Worker's Compensation costs, 2) Desert Star, 3) Cuyamaca and 4) Smart Pricing Program. In SDG&E's NOI filing, SDG&E assumed SONGS 2015 non-GRC related revenue requirements as zero since estimated amounts were not available at that time. For consistency and since the October 2015 Proposed Decision recommending Commission approval of the Amended and Restated Settlement Agreement in SONGS OII 12-10-013 is still pending before the Commission, SDG&E is assuming SONGS 2015 non-GRC related revenue requirements as zero in this application.

³ 2016 GRC Phase 1 base margin includes 1) only SONGS Unit 1 spent fuel storage, SONGS Marine Mitigation and SONGS MIP Worker's Compensation costs, 2) Desert Star, 3) Cuyamaca and 4) Smart Pricing Program. In SDG&E's NOI filing, SDG&E assumed SONGS 2016 non-GRC related revenue requirements as zero since estimated amounts were not available at that time. For consistency and since the October 2015 Proposed Decision recommending Commission approval of the Amended and Restated Settlement Agreement in SONGS OII 12-10-013 is still pending before the Commission, SDG&E is assuming SONGS 2016 non-GRC related revenue requirements as zero in this application.

⁴ Totals may not sum due to rounding.

Line No.	Customer Class	Total Rates ¹		Change ⁴		Line No.
		2015 Estimated ²	2016 GRC Phase 1 ³	cents/kWh	%	
1	Residential	19.9	19.8	(0.1)	-0.5%	1
2	Small Commercial	23.3	23.2	(0.1)	-0.4%	2
3	M/L C&I	19.6	19.4	(0.2)	-1.0%	3
4	Agriculture	19.3	19.2	(0.1)	-0.6%	4
5	Lighting	20.8	20.7	(0.1)	-0.5%	5
6	System	20.0	19.9	(0.1)	-0.7%	6

¹ Includes Utility Distribution Company revenues plus Generation/Commodity revenues based on TY 2016 Sales.

² Estimated 2015 base margin includes 1) only SONGS spent fuel storage and SONGS MIP Worker's Compensation costs, 3) Cuyamaca and 4) Smart Pricing Program. In SDG&E's NOI filing, SDG&E assumed SONGS 2015 non-GRC related revenue requirements as zero since estimated amounts were not available at that time. For consistency and since the October 2015 Proposed Decision recommending Commission approval of the Amended and Restated Settlement Agreement in SONGS OII 12-10-013 is still pending before the Commission, SDG&E is assuming SONGS 2015 non-GRC related revenue requirements as zero in this application.

³ 2016 GRC Phase 1 base margin includes 1) only SONGS Unit 1 spent fuel storage, SONGS Marine Mitigation and SONGS MIP Worker's Compensation costs, 2) Desert Star, 3) Cuyamaca and 4) Smart Pricing Program. In SDG&E's NOI filing, SDG&E assumed SONGS 2016 non-GRC related revenue requirements as zero since estimated amounts were not available at that time. For consistency and since the October 2015 Proposed Decision recommending Commission approval of the Amended and Restated Settlement Agreement in SONGS OII 12-10-013 is still pending before the Commission, SDG&E is assuming SONGS 2016 non-GRC related revenue requirements as zero in this application.

⁴ Totals may not sum due to rounding.

Table 2

**SDG&E – Electric Department
Summary of Electric Revenue by Major Customer Class**

		<u>Total Revenues</u> (\$Millions)					
Line No.	Customer Class	Current Effective ²	2016 GRC Phase 1 ^{1&3}	<u>Change⁴</u>		Line No.	
		Present	Proposed	\$	%		
1	Residential	1,606.5	1,520.8	(85.7)	-5.3%	1	
2	Small Commercial	463.3	442.8	(20.5)	-4.4%	2	
3	M/L C&I	1,661.6	1,567.7	(94.0)	-5.7%	3	
4	Agriculture	61.7	58.6	(3.0)	-4.9%	4	
5	Lighting	20.0	18.8	(1.2)	-6.1%	5	
6	System	3,813.1	3,608.6	(204.5)	-5.4%	6	

¹ Includes Utility Distribution Company revenues plus Generation/Commodity revenues based on TY 2016 Sales.

² Effective 8/1/14 per AL 2632-E and 2632-E-A.

³ 2016 GRC Phase 1 base margin includes 1) only SONGS Unit 1 spent fuel storage, SONGS Marine Mitigation and SONGS MIP Worker's Compensation costs, 2) Desert Star, 3) Cuyamaca and 4) Smart Pricing Program. In SDG&E's NOI filing, SDG&E assumed SONGS 2016 non-GRC related revenue requirements as zero since estimated amounts were not available at that time. For consistency and since the October 2015 Proposed Decision recommending Commission approval of the Amended and Restated Settlement Agreement in SONGS OII 12-10-013 is still pending before the Commission, SDG&E is assuming SONGS 2016 non-GRC related revenue requirements as zero in this application.

⁴ Totals may not sum due to rounding.

		<u>Total Rates</u> (Cents per kWh)					
Line No.	Customer Class	Current Effective ²	2016 GRC Phase 1 ^{1&3}	<u>Change⁴</u>		Line No.	
		Present	Proposed	cents/kWh	%		
1	Residential	20.5	19.8	(0.7)	-3.4%	1	
2	Small Commercial	23.8	23.2	(0.6)	-2.6%	2	
3	M/L C&I	19.2	19.4	0.3	1.3%	3	
4	Agriculture	19.6	19.2	(0.4)	-1.8%	4	
5	Lighting	17.5	20.7	3.3	18.7%	5	
6	System	20.1	19.9	(0.3)	-1.3%	6	

¹ Includes Utility Distribution Company revenues plus Generation/Commodity revenues based on TY 2016 Sales.

² Effective 8/1/14 per AL 2632-E and 2632-E-A.

³ 2016 GRC Phase 1 base margin includes 1) only SONGS Unit 1 spent fuel storage, SONGS Marine Mitigation and SONGS MIP Worker's Compensation costs, 2) Desert Star, 3) Cuyamaca and 4) Smart Pricing Program. In SDG&E's NOI filing, SDG&E assumed SONGS 2016 non-GRC related revenue requirements as zero since estimated amounts were not available at that time. For consistency and since the October 2015 Proposed Decision recommending Commission approval of the Amended and Restated Settlement Agreement in SONGS OII 12-10-013 is still pending before the Commission, SDG&E is assuming SONGS 2016 non-GRC related revenue requirements as zero in this application.

⁴ Totals may not sum due to rounding.

Table 3

**SDG&E - Electric Department
Summary of Electric Revenue by Major Customer Class**

Line No.	Customer Class	Total Revenues ¹		Change ⁴		Line No.
		Adjusted 2014 ²	2016 GRC Phase 1 ³	\$	%	
			Proposed			
1	Residential	1,511.3	1,520.8	9.4	0.6%	1
2	Small Commercial	440.0	442.8	2.8	0.6%	2
3	M/L C&I	1,562.7	1,567.7	5.0	0.3%	3
4	Agriculture	58.5	58.6	0.2	0.3%	4
5	Lighting	18.8	18.8	0.0	0.2%	5
6	System	3,591.2	3,608.6	17.4	0.5%	6

¹ Includes Utility Distribution Company revenues plus Generation/Commodity revenues based on TY 2016 Sales.
² Effective 8/1/14 per AL 2632-E and 2632-E-A with SONGS revenues adjusted to reflect Adjusted 2014 base margin, which includes: 1) only SONGS Unit 1 spent fuel storage and SONGS MIP worker's Compensation costs, 2) Desert Star, 3) Cuyamaca Peak Energy Plant and 4) Smart Pricing Program. In SDG&E's NOI filing, SDG&E assumed SONGS Adjusted 2014 non-GRC related revenue requirements as zero since estimated amounts were not available at that time. For consistency and since the October 2015 Proposed Decision recommending Commission approval of the Amended and Restated Settlement Agreement in SONGS OII 12-10-013 is still pending before the Commission, SDG&E is assuming SONGS 2014 non-GRC related revenue requirements as zero in this application.
³ 2016 GRC Phase 1 base margin includes 1) only SONGS Unit 1 spent fuel storage, SONGS Marine Mitigation and SONGS MIP Worker's Compensation costs, 2) Desert Star, 3) Cuyamaca and 4) Smart Pricing Program. In SDG&E's NOI filing, SDG&E assumed SONGS 2016 non-GRC related revenue requirements as zero since estimated amounts were not available at that time. For consistency and since the October 2015 Proposed Decision recommending Commission approval of the Amended and Restated Settlement Agreement in SONGS OII 12-10-013 is still pending before the Commission, SDG&E is assuming SONGS 2016 non-GRC related revenue requirements as zero in this application.
⁴ Totals may not sum due to rounding.

Line No.	Customer Class	Total Rates ¹		Change ⁴		Line No.
		Adjusted 2014 ²	2016 GRC Phase 1 ³	cents/kWh	%	
			Proposed			
1	Residential	19.7	19.8	0.1	0.6%	1
2	Small Commercial	23.0	23.2	0.1	0.6%	2
3	M/L C&I	19.5	19.4	(0.0)	-0.2%	3
4	Agriculture	19.2	19.2	0.0	0.2%	4
5	Lighting	20.7	20.7	0.0	0.2%	5
6	System	19.8	19.9	0.0	0.2%	6

¹ Includes Utility Distribution Company revenues plus Generation/Commodity revenues based on TY 2016 Sales.
² Effective 8/1/14 per AL 2632-E and 2632-E-A with SONGS revenues adjusted to reflect Adjusted 2014 base margin, which includes: 1) only SONGS Unit 1 spent fuel storage and SONGS MIP worker's Compensation costs, 2) Desert Star, 3) Cuyamaca Peak Energy Plant and 4) Smart Pricing Program. In SDG&E's NOI filing, SDG&E assumed SONGS Adjusted 2014 non-GRC related revenue requirements as zero since estimated amounts were not available at that time. For consistency and since the October 2015 Proposed Decision recommending Commission approval of the Amended and Restated Settlement Agreement in SONGS OII 12-10-013 is still pending before the Commission, SDG&E is assuming SONGS 2014 non-GRC related revenue requirements as zero in this application.
³ 2016 GRC Phase 1 base margin includes 1) only SONGS Unit 1 spent fuel storage, SONGS Marine Mitigation and SONGS MIP Worker's Compensation costs, 2) Desert Star, 3) Cuyamaca and 4) Smart Pricing Program. In SDG&E's NOI filing, SDG&E assumed SONGS 2016 non-GRC related revenue requirements as zero since estimated amounts were not available at that time. For consistency and since the October 2015 Proposed Decision recommending Commission approval of the Amended and Restated Settlement Agreement in SONGS OII 12-10-013 is still pending before the Commission, SDG&E is assuming SONGS 2016 non-GRC related revenue requirements as zero in this application.
⁴ Totals may not sum due to rounding.

1 **III. RESIDENTIAL CUSTOMER BILL IMPACTS**

2 Illustrative bill impacts to residential customers of SDG&E’s proposals in this proceeding
3 are presented in Tables 4A, 4B, 5A and 5B of this testimony. Tables 4A/4B and 5A/5B reflect
4 monthly electric bill impacts, variable by season, climate zone, service type and usage level for
5 non-CARE³ and CARE customers.

6 On August 1, 2014, SDG&E implemented D.14-06-029 which approved the Settlement
7 Agreement for Phase 2 Interim residential Rate Design Changes for SDG&E in Rulemaking
8 (“R.”) 12-06-013, *Order Instituting Rulemaking on the Commission’s Own Motion to Conduct a*
9 *Comprehensive Examination of Investor Owned Electric Utilities’ Residential Rate Structures,*
10 *the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations*
11 (“RROIR”).⁴ Prior to the implementation of D.14-06-029, residential rates associated with Tier
12 1 and Tier 2 usage were subject to legislative caps under Senate Bill (“SB”) 695 and Assembly
13 Bill (“AB”) 1X⁵ which were removed by AB 327 effective January 1, 2014. The residential bill
14 impacts presented reflect residential rates consistent with the implementation of D.14-06-029.

15 As shown on Table 4A, when comparing the estimated 2015 rates to the 2016 GRC
16 proposed rates, the typical Inland residential customer with basic service that uses 500 kWh per
17 month, would see a decrease of \$0.19 per month, or -0.2%, in the summer, and \$0.25 per month,
18 or -0.3% in the winter under the current residential rate design structure. An Inland residential
19 customer with basic service with monthly usage of 1,000 kWh per month would see a decrease
20 of \$1.73 per month, or -0.6%, in the summer, and \$1.79 per month, or -0.7% in the winter.

21 As shown on Table 4B, when comparing the estimated 2015 rates to the 2016 GRC
22 proposed rates, the typical Coastal residential customer with basic service that uses 500 kWh per
23 month would see a decrease of \$0.39 per month, or -0.4% in the summer, and \$0.33 per month,
24 or -0.3% in the winter. A Coastal residential customer with basic service with monthly usage of
25 1,000 kWh per month would see a decrease of \$1.93 per month, or -0.6%, in the summer, and
26 \$1.87 per month, or -0.7% in the winter.

³ CARE stands for California Alternate Rates for Energy.

⁴ Advice letter 2617-E *Implementation of San Diego Gas and Electric's Summer 2014 Rate Reform Pursuant to Decision (D.) 14-06-029 on Phase 2 Rate Change Proposal Settlement.*

⁵ In addition, CARE rates associated with Tier 3 usage were subject to caps associated with D.09-09-036 and the adopted Settlement Agreement.

As shown on Table 5A, when comparing the currently effective 2014 rates to the 2016 GRC proposed rates, the typical Inland residential customer with basic service that uses 500 kWh per month, would see a decrease of \$0.59 per month, or -0.6%, in the summer, and \$0.70 per month, or -0.7% in the winter under the current residential rate design structure. An Inland residential customer with basic service with monthly usage of 1,000 kWh per month would see a decrease of \$5.28 per month, or -1.8%, in the summer, and \$5.10 per month, or -1.9% in the winter.

As shown on Table 5B, when comparing the currently effective 2014 rates to the 2016 GRC proposed rates, the typical Coastal residential customer with basic service that uses 500 kWh per month would see a decrease of \$1.18 per month, or -1.1% in the summer and \$0.94 per month, or -0.9% in the winter. A Coastal residential customer with basic service with monthly usage of 1,000 kWh per month would see a decrease of \$5.87 per month, or -1.9%, in the summer, and \$5.34 per month, or -1.9% in the winter.

TABLE 4A

SDG&E- Electric Department
 Typical Monthly Residential Energy Charges at 2015 Estimated and Proposed Rates

(Inland Customers)
Schedule DR (Summer Billing Period)

LINE NO.	ENERGY (KWH) ____(A)	2015 ESTIMATED BILL (\$) ____(B)	2016 GRC Phase 1 PROPOSED BILL (\$) ____(C)	CHANGE ¹ (\$) ____(D)	CHANGE ¹ (%) ____(E)	LINE NO.
1	25	5.12	5.12	0.00	0.0%	1
2	50	8.26	8.26	0.00	0.0%	2
3	75	12.40	12.40	0.00	0.0%	3
4	100	16.52	16.52	0.00	0.0%	4
5	150	24.79	24.79	0.00	0.0%	5
6	200	33.06	33.06	0.00	0.0%	6
7	250	41.32	41.32	0.00	0.0%	7
8	300	49.58	49.58	0.00	0.0%	8
9	350	58.17	58.17	0.00	0.0%	9
10	400	67.64	67.64	0.00	0.0%	10
11	450	79.35	79.31	(0.04)	-0.1%	11
12	500	97.51	97.32	(0.19)	-0.2%	12
13	600	133.82	133.32	(0.50)	-0.4%	13
14	700	170.71	169.90	(0.81)	-0.5%	14

15	800	209.02	207.90	(1.12)	-0.5%	15
16	900	247.35	245.92	(1.43)	-0.6%	16
17	1000	285.66	283.93	(1.73)	-0.6%	17
18	1500	477.26	473.99	(3.27)	-0.7%	18
19	2000	668.85	664.04	(4.81)	-0.7%	19
20	3000	1,052.04	1,044.15	(7.89)	-0.7%	20
21						21

¹Totals may not sum due to rounding.

1
2
3

22						22
23						23
24						24

Schedule DR (Winter Billing Period)

25	2015	2016 GRC			25	
26	ESTIMATED	Phase 1			26	
27	BILL	PROPOSED	CHANGE ¹	CHANGE ¹	27	
28	(KWH)	(KWH)	(\$)	(%)	28	
29	(A)	(B)	(D)	(E)	29	
30					30	
31	25	5.12	5.12	0.00	0.0%	31
32	50	8.26	8.26	0.00	0.0%	32
33	75	12.40	12.40	0.00	0.0%	33
34	100	16.52	16.52	0.00	0.0%	34
35	150	24.79	24.79	0.00	0.0%	35
36	200	33.06	33.06	0.00	0.0%	36
37	250	41.32	41.32	0.00	0.0%	37
38	300	49.58	49.58	0.00	0.0%	38
39	350	58.46	58.46	0.00	0.0%	39
40	400	67.93	67.93	0.00	0.0%	40
41	450	81.42	81.33	(0.09)	-0.1%	41
42	500	97.85	97.60	(0.25)	-0.3%	42
43	600	130.68	130.13	(0.55)	-0.4%	43
44	700	164.58	163.72	(0.86)	-0.5%	44
45	800	199.43	198.26	(1.17)	-0.6%	45
46	900	234.29	232.81	(1.48)	-0.6%	46
47	1000	269.14	267.35	(1.79)	-0.7%	47
48	1500	443.40	440.07	(3.33)	-0.8%	48
49	2000	617.65	612.78	(4.87)	-0.8%	49
50	3000	966.16	958.21	(7.95)	-0.8%	50

¹Totals may not sum due to rounding.

4

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TABLE 4B

SDG&E - Electric Department
 Typical Monthly Residential Energy Charges at Estimated and Proposed Rates

(Coastal Customers)
Schedule DR (Summer Billing Period)

LINE NO.	ENERGY (KWH) <u>(A)</u>	2015	2016 GRC	CHANGE ¹ (\$) <u>(D)</u>	CHANGE ¹ (%) <u>(E)</u>	LINE NO.
		ESTIMATED BILL (\$) <u>(B)</u>	Phase 1 PROPOSED BILL (\$) <u>(C)</u>			
1	25	5.12	5.12	0.00	0.0%	1
2	50	8.26	8.26	0.00	0.0%	2
3	75	12.40	12.40	0.00	0.0%	3
4	100	16.52	16.52	0.00	0.0%	4
5	150	24.79	24.79	0.00	0.0%	5
6	200	33.06	33.06	0.00	0.0%	6
7	250	41.32	41.32	0.00	0.0%	7
8	300	49.87	49.87	0.00	0.0%	8
9	350	59.32	59.32	0.00	0.0%	9
10	400	73.31	73.23	(0.08)	-0.1%	10
11	450	91.46	91.23	(0.23)	-0.3%	11
12	500	109.63	109.24	(0.39)	-0.4%	12
13	600	146.41	145.72	(0.69)	-0.5%	13
14	700	184.74	183.73	(1.01)	-0.5%	14
15	800	223.05	221.74	(1.31)	-0.6%	15
16	900	261.38	259.76	(1.62)	-0.6%	16
17	1000	299.70	297.77	(1.93)	-0.6%	17
18	1500	491.30	487.83	(3.47)	-0.7%	18
19	2000	682.89	677.88	(5.01)	-0.7%	19
20	3000	1,066.08	1,057.99	(8.09)	-0.8%	20
21						21

2

¹Totals may not sum due to rounding.

22						22
23		Schedule DR (Winter Billing Period)				23
24						24
25		2015	2016 GRC			25
26		ESTIMATED	Phase 1			26
27	ENERGY	BILL	PROPOSED	CHANGE ¹	CHANGE ¹	27
28	(KWH)	(\$)	(\$)	(\$)	(%)	28
29	____(A)	____(B)	____(C)	____(D)	____(E)	29
30						30
31	25	5.12	5.12	0.00	0.0%	31
32	50	8.26	8.26	0.00	0.0%	32
33	75	12.40	12.40	0.00	0.0%	33
34	100	16.52	16.52	0.00	0.0%	34
35	150	24.79	24.79	0.00	0.0%	35
36	200	33.06	33.06	0.00	0.0%	36
37	250	41.32	41.32	0.00	0.0%	37
38	300	49.58	49.58	0.00	0.0%	38
39	350	58.96	58.96	0.00	0.0%	39
40	400	69.26	69.24	(0.02)	0.0%	40
41	450	85.68	85.51	(0.17)	-0.2%	41
42	500	102.11	101.78	(0.33)	-0.3%	42
43	600	134.95	134.31	(0.64)	-0.5%	43
44	700	169.69	168.74	(0.95)	-0.6%	44
45	800	204.54	203.28	(1.26)	-0.6%	45
46	900	239.39	237.83	(1.56)	-0.7%	46
47	1000	274.24	272.37	(1.87)	-0.7%	47
48	1500	448.50	445.09	(3.41)	-0.8%	48
49	2000	622.75	617.80	(4.95)	-0.8%	49
50	3000	971.26	963.23	(8.03)	-0.8%	50

1 ¹ Totals may not sum due to rounding.

1

TABLE 5A

SDG&E - Electric Department
 Typical Monthly Residential Energy Charges at Present and Proposed Rates

(Inland Customers)
Schedule DR (Summer Billing Period)

LINE NO.	ENERGY (KWH) (A)	PRESENT BILL (\$) (B)	2016 GRC Phase 1		CHANGE ¹ (\$) (D)	CHANGE ¹ (%) (E)	LINE NO.
			PROPOSED BILL (\$) (C)				
1	25	5.12	5.12		\$0.00	0.0%	1
2	50	8.26	8.26		0.00	0.0%	2
3	75	12.40	12.40		0.00	0.0%	3
4	100	16.52	16.52		0.00	0.0%	4
5	150	24.79	24.79		0.00	0.0%	5
6	200	33.06	33.06		0.00	0.0%	6
7	250	41.32	41.32		0.00	0.0%	7
8	300	49.58	49.58		0.00	0.0%	8
9	350	58.17	58.17		0.00	0.0%	9
10	400	67.64	67.64		0.00	0.0%	10
11	450	79.43	79.31		(0.12)	-0.2%	11
12	500	97.91	97.32		(0.59)	-0.6%	12
13	600	134.85	133.32		(1.53)	-1.1%	13
14	700	172.36	169.90		(2.46)	-1.4%	14
15	800	211.31	207.90		(3.41)	-1.6%	15
16	900	250.27	245.92		(4.35)	-1.7%	16
17	1000	289.21	283.93		(5.28)	-1.8%	17
18	1500	483.96	473.99		(9.97)	-2.1%	18
19	2000	678.70	664.04		(14.66)	-2.2%	19
20	3000	1,068.19	1,044.15		(24.04)	-2.3%	20
21							21

2

¹Totals may not sum due to rounding.

1

22						22
23		Schedule DR (Winter Billing Period)				23
24						24
25			2016 GRC Phase 1			25
26		PRESENT	PROPOSED			26
27	ENERGY	BILL	BILL	CHANGE ¹	CHANGE ¹	27
28	(KWH)	(\$)	(\$)	(\$)	(%)	28
29	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>	<u>(D)</u>	<u>(E)</u>	29
30						30
31	25	5.12	5.12	0.00	0.0%	31
32	50	8.26	8.26	0.00	0.0%	32
33	75	12.40	12.40	0.00	0.0%	33
34	100	16.52	16.52	0.00	0.0%	34
35	150	24.79	24.79	0.00	0.0%	35
36	200	33.06	33.06	0.00	0.0%	36
37	250	41.32	41.32	0.00	0.0%	37
38	300	49.58	49.58	0.00	0.0%	38
39	350	58.46	58.46	0.00	0.0%	39
40	400	67.93	67.93	0.00	0.0%	40
41	450	81.58	81.33	(0.25)	-0.3%	41
42	500	98.30	97.60	(0.70)	-0.7%	42
43	600	131.71	130.13	(1.58)	-1.2%	43
44	700	166.18	163.72	(2.46)	-1.5%	44
45	800	201.60	198.26	(3.34)	-1.7%	45
46	900	237.03	232.81	(4.22)	-1.8%	46
47	1000	272.45	267.35	(5.10)	-1.9%	47
48	1500	449.58	440.07	(9.51)	-2.1%	48
49	2000	626.69	612.78	(13.91)	-2.2%	49
50	3000	980.93	958.21	(22.72)	-2.3%	50

2
3

¹Totals may not sum due to rounding.

1
2

TABLE 5B

SDG&E - Electric Department
Typical Monthly Residential Energy Charges at Present and Proposed Rates

(Coastal Customers)
Schedule DR (Summer Billing Period)

LINE NO.	ENERGY (KWH) <u>(A)</u>	PRESENT	2016 GRC Phase 1 PROPOSED	CHANGE ¹	CHANGE ¹	LINE NO.
		BILL (\$) <u>(B)</u>	BILL (\$) <u>(C)</u>	(\$) <u>(D)</u>	(%) <u>(E)</u>	
1	25	5.12	5.12	\$0.00	0.0%	1
2	50	8.26	8.26	0.00	0.0%	2
3	75	12.40	12.40	0.00	0.0%	3
4	100	16.52	16.52	0.00	0.0%	4
5	150	24.79	24.79	0.00	0.0%	5
6	200	33.06	33.06	0.00	0.0%	6
7	250	41.32	41.32	0.00	0.0%	7
8	300	49.87	49.87	0.00	0.0%	8
9	350	59.32	59.32	0.00	0.0%	9
10	400	73.47	73.23	(0.24)	-0.3%	10
11	450	91.94	91.23	(0.71)	-0.8%	11
12	500	110.42	109.24	(1.18)	-1.1%	12
13	600	147.84	145.72	(2.12)	-1.4%	13
14	700	186.79	183.73	(3.06)	-1.6%	14
15	800	225.74	221.74	(4.00)	-1.8%	15
16	900	264.69	259.76	(4.93)	-1.9%	16
17	1000	303.64	297.77	(5.87)	-1.9%	17
18	1500	498.39	487.83	(10.56)	-2.1%	18
19	2000	693.13	677.88	(15.25)	-2.2%	19
20	3000	1,082.62	1,057.99	(24.63)	-2.3%	20
21						21

3 ¹Totals may not sum due to rounding.

1

22						22
23		Schedule DR (Winter Billing Period)				23
24						24
25			2016 GRC Phase 1			25
26		PRESENT	PROPOSED			26
27	ENERGY	BILL	BILL	CHANGE ¹	CHANGE ¹	27
28	(KWH)	(\$)	(\$)	(\$)	(%)	28
29	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>	<u>(D)</u>	<u>(E)</u>	29
30						30
31	25	5.12	5.12	0.00	0.0%	31
32	50	8.26	8.26	0.00	0.0%	32
33	75	12.40	12.40	0.00	0.0%	33
34	100	16.52	16.52	0.00	0.0%	34
35	150	24.79	24.79	0.00	0.0%	35
36	200	33.06	33.06	0.00	0.0%	36
37	250	41.32	41.32	0.00	0.0%	37
38	300	49.58	49.58	0.00	0.0%	38
39	350	58.96	58.96	0.00	0.0%	39
40	400	69.30	69.24	(0.06)	-0.1%	40
41	450	86.00	85.51	(0.49)	-0.6%	41
42	500	102.72	101.78	(0.94)	-0.9%	42
43	600	136.13	134.31	(1.82)	-1.3%	43
44	700	171.44	168.74	(2.70)	-1.6%	44
45	800	206.86	203.28	(3.58)	-1.7%	45
46	900	242.29	237.83	(4.46)	-1.8%	46
47	1000	277.71	272.37	(5.34)	-1.9%	47
48	1500	454.84	445.09	(9.75)	-2.1%	48
49	2000	631.95	617.80	(14.15)	-2.2%	49
50	3000	986.19	963.23	(22.96)	-2.3%	50

2

¹Totals may not sum due to rounding.

1 **IV. RATE STABILIZATION PROPOSAL**

2 In SDG&E’s 2012 GRC Phase 1 Application (A.10-12-005), SDG&E requested the
3 implementation of rates effective January 1, 2012. SDG&E received a final Commission
4 Decision (D.13-05-010) in May of 2013 and implemented rates September 1, 2013 to coincide
5 with other schedule rate changes to minimize the number of rate changes for customers.⁶ Due to
6 the delay, SDG&E did not implement the proposed 2012 GRC base margin revenue
7 requirements on January 1, 2012 but instead sustained the revenue requirements in rates in 2012
8 at the lower 2011 levels. The 20-month delay in implementation resulted in a \$333 million
9 shortfall in the electric GRCMA which needed to be included in customer rates for cost recovery.
10 To lessen the rate impact to customers, SDG&E requested and received authorization from the
11 Commission to amortize the \$333 million shortfall in rates over a 28-month period,⁷ or the
12 equivalent of \$143 million on an annual basis,⁸ instead of the standard 12-month amortization
13 period. SDG&E’s implementation of its 2012 GRC Phase 1, as authorized in D.13-05-010,
14 included both the updated authorized GRC revenue requirements as well as the “catch-up”
15 portion in the GRCMA. This resulted in an overall system average rate impact of 10.9%, with
16 4.3% associated with the GRCMA portion.

17 In the event that SDG&E receives a final decision in time to implement rates effective
18 January 1, 2016, customers will see an offsetting effect in rates as a result of the roll-off of the
19 GRCMA balance associated with SDG&E’s 2012 GRC Phase 1. In the event that SDG&E does
20 not receive a decision in time to implement rates effective January 1, 2016, customers will see
21 rates decrease with the roll-off of the GRCMA, only to see rates increase with the
22 implementation of its 2016 GRC Phase 1. In order to avoid this potential rate volatility for our
23 customers, SDG&E makes the following Rate Stabilization proposal:

- 24 • In the event that SDG&E does not receive a decision in time to implement rates
25 effective January 1, 2016, SDG&E proposes to not adjust rates for the roll-off
26 GRCMA balances associated with its 2012 GRC Phase 1 in order to avoid rate
27 volatility for our customers and until such time the 2016 GRC is implemented.
- 28 • As part of the rate implementation of the 2016 GRC, SDG&E proposes that over-
29 collections associated with maintaining rates at the higher level associated with not

⁶ D.13-05-010 was effective May 9, 2013.

⁷ From September 1, 2013 to December 31, 2015.

⁸ \$333 million / 28 months x 12 months.

1 rolling-off GRCMA be used to offset rate increases associated with the
2 implementation of rates associated with this proceeding.

3 **V. CONCLUSION**

4 This concludes my prepared direct testimony.

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1 **VI. WITNESS QUALIFICATIONS**

2 My name is Cynthia S. Fang and my business address is 8330 Century Park Court, San
3 Diego, California 92123. I am the Electric Rates Manager in the Customer Services Department
4 of SDG&E. My primary responsibilities include the development of cost-of-service studies,
5 determination of revenue allocation and electric rate design methods, analysis of ratemaking
6 theories, and preparation of various regulatory filings. I began work at SDG&E in May 2006 as
7 a Regulatory Economic Advisor and have held positions of increasing responsibility in the
8 Electric Rate Design group. Prior to joining SDG&E, I was employed by the Minnesota
9 Department of Commerce, Energy Division, as a Public Utilities Rates Analyst from 2003
10 through May 2006.

11 In 1993, I graduated from the University of California at Berkeley with a Bachelor of
12 Science in Political Economics of Natural Resources. I also attended the University of
13 Minnesota where I completed all coursework required for a Ph.D. in Applied Economics.

14 I have previously submitted testimony before the Federal Energy Regulatory Commission
15 and have submitted testimony and testified before the California Public Utilities Commission
16 regarding SDG&E's electric rate design and other regulatory proceedings. In addition, I have
17 previously submitted testimony and testified before the Minnesota Public Utilities Commission
18 on numerous rate and policy issues applicable to the electric and natural gas utilities

APPENDIX A

ELECTRIC AND GAS REVENUES REFLECTING SMART PRICING PROGRAM

2016 SDG&E GRC Revenue Requirement Schedule						
(\$ in Thousands)						
2016 SDG&E GRC (Application)						
	Elec. Dist. (includes SPP)	SONGS	Generation	Electric Dept.	Gas (Includes SPP)	Total SDG&E
Base Margin w/o FF&U	1,306,810	3,222	202,806	1,512,839	315,154	1,827,993
FF&U	48,818	121	7,576	56,515	7,243	63,758
Subtotal	1,355,628	3,343	210,382	1,569,354	322,397	1,891,751
Misc. Revenue	15,207	-	-	15,207	4,000	19,207
Revenue Requirement	1,370,835	3,343	210,382	1,584,561	326,397	1,910,958
Smart Pricing Program (SPP) Reclassification for Rate Compliance						
	Elec. Dist.	SONGS	Generation	Electric Dept.	Gas	Total SDG&E
Base Margin w/o FF&U	(20,219)		21,141	922	(922)	-
FF&U	(755)		776	21	(21)	-
Subtotal	(20,974)		21,917	943	(943)	-
Misc. Revenue	-		-	-	-	-
Revenue Requirement	(20,974)	-	21,917	943	(943)	-
Adjusted 2016 SDG&E GRC (Application), with SPP Reclassification						
	Elec. Dist.	SONGS	Generation (Includes SPP)	Electric Dept.	Gas	Total SDG&E
Base Margin w/o FF&U	1,286,591	3,222	223,947	1,513,761	314,232	1,827,993
FF&U	48,063	121	8,352	56,536	7,222	63,758
Subtotal	1,334,654	3,343	232,299	1,570,297	321,454	1,891,751
Misc. Revenue	15,207	-	-	15,207	4,000	19,207
Revenue Requirement	1,349,861	3,343	232,299	1,585,504	325,454	1,910,958