Proceeding No.:	A.20-04-014
Exhibit No.:	
Witness:	Stacy Fuhrer

# PREPARED SUPPLEMENTAL TESTIMONY OF STACY FUHRER RE SOLAR ON MULTIFAMILY AFFORDABLE HOUSING PROGRAM FUNDING ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

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



August 14, 2020

# TABLE OF CONTENTS

I.	OVERVIEW AND PURPOSE	.1
II.	2021 REVENUE REQUIREMENT	.2
III.	RATES FOR RETURN OF THE GHG ALLOWANCE REVENUES	.2
IV.	SUMMARY AND RELIEF REQUESTED	.5

#### PREPARED SUPPLEMENTAL TESTIMONY OF STACY FUHRER RE SOLAR ON MULTIFAMILY AFFORDABLE HOUSING PROGRAM FUNDING ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

### I. OVERVIEW AND PURPOSE

The purpose of this supplemental testimony is to present San Diego Gas & Electric Company's ("SDG&E") updated 2021 proposed rates for its greenhouse gas ("GHG") Allowance return to customers, specifically the Residential California Climate Credit ("CCC") due to SDG&E's updated Solar on Multifamily Affordable Housing ("SOMAH") Program funding request of \$12.111 million for 2021 (\$12.258 million including Franchise Fees and Uncollectible Expenses ("FF&U")) and the SOMAH 2020 true-up funding request of \$5.619 million (\$5.687 million including FF&U) as presented in the Supplemental Testimony of SDG&E witness Stefan Covic. Additionally, SDG&E requests recovery for the 2021 Disadvantaged Community Single-Family Solar Homes ("DAC-SASH") revenue requirement which cannot be funded by GHG Allowance revenues of \$0.593 million (\$0.600 million including FF&U) as presented in the Supplemental Testimony of SDG&E witness Khoang Ngo. The rates presented in this supplemental testimony are calculated using the same effective rates used in SDG&E's 2021 Energy Resource Recovery Account ("ERRA") Forecast Application<sup>1</sup> and current authorized sales.<sup>2</sup> This supplemental testimony is organized as follows: Section II - 2021 DAC-SASH Revenue Requirement; 1.

Rates effective April 1, 2020 per Advice Letter ("AL") 3514-E. SDG&E filed its 2021 ERRA Forecast Application ("A.") 20-04-014 on April 15, 2020, with an amended application filed on April 20, 2020.

<sup>&</sup>lt;sup>2</sup> SDG&E filed on March 1, 2018 its Application for Approval of its 2019 Electric Sales Forecast (A.18-03-003) to update its authorized sales. Decision ("D") 18-11-035 in that proceeding authorized SDG&E to update its sales forecast. This change was implemented in SDG&E's Consolidated AL 3326-E, effective January 1, 2019. SDG&E's current authorized sales forecast does not reflect Community Choice Aggregation load departure in 2021 while SDG&E's revenue forecast does reflect departed load.

1		2.	Section III – 2021 Rates for the Return of GHG Allowance Revenues;				
2		3.	Section IV – Summary and Relief Requested; and				
3		4.	Section V – Qualifications.				
4	II.	2021	REVENUE REQUIREMENT				
5	SDG&E requests the recovery in rates of the following additional 2021 revenue						
6	requirement <sup>3</sup> presented in the supplemental testimony of SDG&E witness Khoang Ngo:						
7		1.	2021 DAC-SASH Revenue Requirement of \$0.592 million (\$0.600 million				
8			including FF&U) for the recovery of California Public Utilities Commission				
9			("Commission") approved clean energy program funding as set forth in the				
10			Testimony of Khoang T. Ngo. <sup>4</sup>				
11	III.	RAT	ES FOR RETURN OF THE GHG ALLOWANCE REVENUES				
12		In co	mpliance with D. 12-12-033, the GHG allowance revenues eligible for return to				
13	custor	mers is	based on the GHG Allowance Revenues forecast of \$121.114 million (\$122.570				
14	millio	n inclu	iding FF&U) presented in the supplemental testimony of SDG&E witness Stefan				
15	Covic	, adjus	ted for the following:				
16		1.	Reconciliation of 2019 forecasted with 2019 year-end actuals recorded in GHG				
17			Revenue Balancing Account ("GHGRBA") presented in the Prepared Direct				
18			Testimony of SDG&E witness Khoang Ngo of \$(0.985) million (including FF&U);				
19		2.	GHG expenses related to customer outreach and education and administrative costs				
20			presented in the Prepared Direct Testimony of SDG&E witness April Bernhardt of				
21			\$0.060 million (including FF&U) that will be recorded in the GHG Customer				
	<sup>3</sup> Tł	ne rever	nue requirement figures in this testimony exclude FF&U unless otherwise noted.				

4

The revenue requirement figures in this testimony exclude FF&U unless otherwise noted.

D.18-06-027, Ordering Paragraph ("OP") 8, DAC SASH costs not recovered through GHG Allowance revenues shall be collected through the public purpose program ("PPP") charge. Accordingly, the revenue requirement associated with DAC SASH includes no rate impact in this application.

	Outreach and Education Memorandum Account ("GHGCOEMA") and the GHG
	Administrative Costs Memorandum Account ("GHGACMA"); and
3.	Solar on Multifamily Affordable Housing ("SOMAH") Program funding <sup>5</sup> of
	\$12.111 million (\$12.258 million including FF&U) for 2021 and the SOMAH 2020
	true-up funding request of \$5.619 million (\$5.687 million including FF&U). <sup>6</sup> In
	addition, Disadvantaged Community Single-Family Solar Homes ("DAC-SASH")
	Program funding of $0.437$ million ( $0.442$ million including FF&U), <sup>7</sup> the DAC –
	Green Tariff ("DAC-GT") Program funding of \$0 million (\$0 million including
	FF&U), and the Community Solar Green Tariff ("CSGT") Program funding of \$0
	million (\$0 million including FF&U), also presented in the supplemental testimony
	of SDG&E witness Stefan Covic. <sup>8</sup>
Updat	ed Table 3 below provides the current authorized and proposed GHG Allowance
revenues to de	etermine the GHG Allowance revenues eligible for return to customers.
<sup>5</sup> D.17-12-02	22 OP4 requires the investor-owned-utilities ("IOUs") to "each shall reserve 10% of the
	Updat revenues to de

<sup>&</sup>lt;sup>5</sup> D.17-12-022 OP4 requires the investor-owned-utilities ("IOUs") to "each shall reserve 10% of the proceeds from the sale of greenhouse gas allowances defined in Public Utilities Code Section 748.5 through its annual Energy Resource Recover Account ("ERRA") proceedings for use in the Solar on Multifamily Affordable Housing program, starting with its ongoing 2018 ERRA forecast proceeding." Furthermore, D.20-04-012 OP6 extends SOMAH funding through June 30, 2026.

<sup>&</sup>lt;sup>6</sup> D.20-04-012 OP5 requires the IOUs to provide July 1 through December 31, 2020 SOMAH funding as a true-up value in their applicable ERRA forecast proceeding.

<sup>&</sup>lt;sup>7</sup> D.18-06-027 OP8 authorizes \$1.030 million (\$1.042 million including FF&U) from GHG Allowance revenues. However, in 2021 SDG&E has exhausted the 15% cap set by § 748.5(c) so SDG&E is requesting only \$0.437 million (\$0.442 million including FF&U) through set aside GHG Allowance revenues and the remainder will be recovered through PPP rates.

<sup>&</sup>lt;sup>8</sup> On August 2, 2019, SDG&E filed AL 3412-E and separately on January 31, 2020 SDG&E filed AL 3501-E. SDG&E is waiting for approval of AL 3412-E, currently suspended by the Commission, and AL 3501-E is contingent on the approval of 3412-E.

1	
$\overline{\mathbf{r}}$	
2	

	Current Authorized <sup>10</sup> (\$000)	Proposed (\$000)	Change (\$000)	Change (%)
GHG Allowance Revenues	\$(112,373)	\$(121,114)	\$(8,741)	7.8%
Interest	\$136	\$236	\$100	73.8%
GHG Expenses <sup>11</sup>	\$29	\$59	\$30	103.3%
Clean Energy/Energy Efficiency Program Costs	\$21,361	\$18,167	\$(3,194)	-15.0%
FF&U	\$(1,103)	\$(1,245)	\$(142)	12.9%
Prior Year GHGRBA Revenue				
Return True-Up <sup>12</sup>	\$1,311	\$(985)	\$(2,296)	-175.2%
GHG Allowance Revenues				
Eligible for Return to Customers	\$(90,639)	\$(104,882)	\$(14,243)	15.7%

Updated Table 3 GHG Allowance Revenues<sup>9</sup> Eligible for Return to Customers

3 4

6

7

8

The Emissions Intensive and Trade Exposed ("EITE") and Small Business Volumetric

5 Return has ended as of 2020.<sup>13</sup> As such, the GHG Allowance revenues eligible for return to

customers will be allocated to all residential customers on an equal cents-per-household basis,

which will be credited to customers semi-annually as a bill credit, also known as the Residential

Semi-Annual CCC.<sup>14</sup> Updated Table 4 below presents the remaining GHG Allowance revenues

<sup>&</sup>lt;sup>9</sup> All values exclude FF&U unless otherwise noted.

<sup>&</sup>lt;sup>10</sup> Authorized by D.20-01-005 and effective February 1, 2020 per AL 3500-E.

<sup>&</sup>lt;sup>11</sup> GHG Expenses include utility outreach and administrative costs, including IT billing and program management costs, as well as statewide outreach costs.

<sup>&</sup>lt;sup>12</sup> D.14-10-033, Finding of Fact ("FOF") 15 allows utilities to use a balancing account to maintain a record of allowance revenues.

<sup>&</sup>lt;sup>13</sup> See generally D.12-12-033. The Commission is currently reviewing the possible continuation of the EITE as well as the Small Business Volumetric Return past 2020 in R. 20-05-002. The Commission is also considering near-term solutions regarding these programs specific to 2021. SDG&E will update this testimony in its November Update once the Commission provides guidance on the future of these programs.

<sup>&</sup>lt;sup>14</sup> D.15-07-001, Conclusion of Law ("COL") 29 stated that beginning January 1, 2016, the GHG offset for upper tier residential customers should be eliminated and that the revenue return allocated to residential customers will consist solely of the semi-annual CCC.

available for return through the Residential CCC of \$104.882 million, which results in a semi-

2 annual Residential CCC of \$38.79.

#### Updated Table 4 GHG Allowance Revenues<sup>15</sup> Eligible for Return through Residential CCC

	Current Authorized (\$000) <sup>16</sup>	Proposed (\$000)	Change <sup>17</sup> (\$000)	Change (%)
<b>GHG Allowance Revenues</b>				
Eligible for Return	\$(90,639)	\$(104,882)	\$(14,243)	15.7%
EITE Customer				
Return Revenues	\$427	\$-	\$(427)	-100.0%
Small Business				
Volumetric Return				
Revenues	\$2,902	\$-	\$(2,902)	-100.0%
Residential CCC				
Revenues	\$87,310	\$104,882	\$17,572	20.1%
<b>Residential Semi-Annual</b>				
CCC (\$/semi-annual)	\$32.28	\$38.79	\$6.51	20.2%

#### 5 6

7

8

10

11

12

1

3

4

# IV. SUMMARY AND RELIEF REQUESTED

Consistent with the rate recovery proposed in this supplemental testimony, SDG&E

requests the following additional relief in the Commission's forthcoming decision in this

9 proceeding:

1.

Approve for recovery in PPP rates: (1) the 2021 DAC SASH revenue requirement of \$0.600 million as set forth in the Supplemental Testimony of Khoang T. Ngo.

This concludes my prepared supplemental testimony.

13

<sup>17</sup> Difference may not equal due to rounding.

<sup>&</sup>lt;sup>15</sup> Includes FF&U.

<sup>&</sup>lt;sup>16</sup> Authorized by D.20-01-005 and effective February 1, 2020 per AL 3500-E.