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

Application of Pacific Gas and Electric Company for Approval of its Residential Rate Design Window Proposals, including to Implement a Residential Default Time-Of-Use Rate along with a Menu of Residential Rate Options, followed by addition of a Fixed Charge Component to Residential Rates (U39E)

And Related Matters.

Application 17-12-011

Application 17-12-012 Application 17-12-013

Exhibit No. SDG&E-

### PREPARED PHASE 2B REBUTTAL TESTIMONY OF

#### TODD CAHILL

### ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

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

**December 7, 2018** 



1	PREPARED REBUTTAL TESTIMONY OF
2	TODD CAHILL
3	Summary
4	My Rebuttal Testimony for San Diego Gas & Electric Company's ("SDG&E") 2018
5	Residential Rate Design Window Application ("RDW Application") focuses on SDG&E-
6	specific and SDG&E-related Phase 2B testimony of: (1) the Public Advocates Office at the
7	California Public Utilities Commission ("CalPA"), <sup>1</sup> and (2) The Joint Community Choice
8	Aggregators ("Joint CCAs"). <sup>2</sup> The following topics are addressed:
9 10 11 12 13 14 15 16 17	• CalPA (Witness Duran) proposal on the appropriate roll-out timeframe for working with individual participating Community Choice Aggregation ("CCA") customers;
	• CalPA (Witness Duran) support for using investor-owned utility ("IOU") generation rates as a proxy in CCA rate comparisons of TOU rates;
	<ul> <li>Joint CCAs (Witness Kudo) proposal that Marketing, Education, and Outreach ("ME&amp;O") needs to be applicable to all IOU customers.</li> </ul>
18	1) SDG&E supports CalPA proposal on roll-out pace
19	In Direct Testimony, <sup>3</sup> I recommended that residential CCA customers in its service
20	territory be transitioned over a single month to TOU pricing plans. I stated that such a timeframe
21	should occur following the implementation of its recently approved Customer Information
22	System ("CIS") application. <sup>4</sup>
	<ul> <li><sup>1</sup> Public Advocates Office, Testimony on 2018 Residential Rate Design Window Applications Phase IIB (October 26, 2018) ("CalPA Direct Testimony of Eric Duran").</li> <li><sup>2</sup> Opening Testimony of Justin Kudo for The Joint Community Choice Aggregators Regarding Phase IIB of the Consolidated Rate Design Window Applications, Volume 1 (October 26, 2018) ("Joint CCAs Direct Testimony of Justin Kudo").</li> <li><sup>3</sup> Prepared Phase 2B Testimony of Todd Cahill on Behalf of San Diego Gas &amp; Electric Company (August 17, 2018).</li> <li><sup>4</sup> See A.17-04-027.</li> </ul>

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CalPA generally agreed, stating that it is not opposed to the general framework of the utilities' proposals, nor to a default TOU roll-out over the course of one month.<sup>5</sup> However, CalPA further discussed how requiring uniform standards regarding the roll out of default TOU to CCA customers (such as a one-month time limit) may create unnecessary operational hurdles which fail to account for individual CCA characteristics.<sup>6</sup> SDG&E agrees, and proposes that the one-month proposal be modified to say "at least one month," so as to allow for more flexibility.

## 2) <u>SDG&E concurs with CalPA's discussion of IOU rate comparison tools for CCAs and the use of utility Generation rates as a "proxy."</u>

In Direct Testimony, I proposed to provide bill comparisons using SDG&E's generation rates as a proxy in instances where the CCA offers TOU generation rates that are structurally similar to SDG&E's rates. This comparison approach was successfully implemented with Solana Energy Alliance ("SEA") in October 2018. Accordingly, for its rate comparison tool SDG&E plans to use SDG&E's bundled rates as a proxy for the rates offered by CCAs. The resulting cost difference between SDG&E rates are expected to be similar to the cost difference seen between the structurally-similar rates of SEA.

CalPA generally supported the use of proxy generation rates and described that this approximation will give CCA customers a sufficiently accurate representation of the customer's potential bill impact when switching from a tiered to TOU rate structure.<sup>7</sup> CalPA correctly concludes that use of proxy generation rates will provide a close approximation only if the CCAs generation TOU rate structure closely mirrors the IOU's TOU rate structure.<sup>8</sup>

- <sup>6</sup> *Id.*, p. 7-4.
- <sup>7</sup> *Id.*, p. 7-5.
- <sup>8</sup> *Id.*, p. 7-5.

<sup>&</sup>lt;sup>5</sup> CalPA Direct Testimony of Eric Duran, p. 7-3.

# 3) <u>SDG&E concurs with specific aspects of Joint CCAs' proposal that ME&O needs to be applicable to all IOU customers.</u>

In Direct Testimony, I described how SEA customers will be excluded from SDG&E's Mass TOU Default; however, such customers may be exposed to the broader mass awareness campaign. I also described that 2020 is the earliest date for the next potential CCA in SDG&E's service territory, and the timing would coincide closer to the conclusion of Mass TOU Default. I also explained that SDG&E will coordinate with future CCAs to ensure that their customers are aware that TOU pricing plans will be available as options and could be included in future joint rate comparisons.

Joint CCAs agrees with IOUs taking the lead and coordinating with CCAs under three high-level guidelines related to: (1) dual logos, (2) generalized messaging, and (3) working in "good faith" with CCA partners in implementing ME&O.<sup>9</sup>

Specific to Joint CCA's third guideline, SDG&E does not oppose being directed to work in good faith with CCAs in implementing ME&O plans. Indeed, SDG&E already plans to work closely with future CCAs on ME&O plans. For example, if a CCA decides to provide ME&O, and that effort reduces or eliminates SDG&E's ME&O costs related to the CCA, then SDG&E does not object to reducing or eliminating the associated ME&O costs when cost avoidance is quantifiable. SDG&E's plans to coordinate in good faith with future CCAs on ME&O proposals will facilitate this type of coordination.

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This concludes my prepared Rebuttal Testimony.

<sup>9</sup> Joint CCAs Direct Testimony of Justin Kudo, pages 8-9.