

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



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Application of SAN DIEGO GAS & ELECTRIC)
COMPANY (U 902 E) For Authority To) Application No. 11-10-002
Update Marginal Costs, Cost Allocation,) (Filed October 3, 2011)
And Electric Rate Design.)
_____)

**MOTION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E)
AND SETTLING PARTIES TO ADOPT PARTIAL SETTLEMENT
AGREEMENT AND FOR A SHORTENED RESPONSE TIME AND
MODIFIED COMMENT PROCEDURES**

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MODIFIED COMMENT PROCEDURES**

Pursuant to Rules 1.8(d), 11.1 and 12.1 *et seq.* of the Commission's Rule of Practice and Procedure, San Diego Gas & Electric Company ("SDG&E"), on behalf of itself and the Settling Parties,¹ requests that the Commission adopt and find reasonable the Partial Settlement Agreement ("Settlement Agreement") appended to this motion as Attachment A. To take advantage of the evidentiary hearings scheduled for October 9-19,² Settling Parties also request a ten-day response time to this motion. Finally, Settling Parties move for modified Rule 12.2 comment procedures, including setting cross-examination on this Settlement Agreement during the currently-scheduled evidentiary hearings and allowing comments on the proposed Settlement Agreement in the context of the post-hearing briefing provided in ALJ Yip-Kikugawa's July 10 ruling.

¹ The Settling Parties are SDG&E; Division of Ratepayer Advocates ("DRA"); San Diego Consumers Action Network ("SDCAN"); The City of San Diego ("City"); California Farm Bureau Federation ("CFBF"); Federal Executive Agencies ("FEA"); California City-County Street Light Association ("CAL-SLA"); and Solar Energy Industries Association ("SEIA"). Pursuant to Rule 1.8(d), SDG&E has been authorized to file this motion on behalf of the Settling Parties. SDG&E has also been authorized by counsel to state that Wal-Mart Stores, Inc. & Sam's West, Inc., ("Wal-Mart") and City of Chula Vista are not signatories to, but do not oppose, either the Settlement Agreement or this motion. All of the foregoing parties filed testimony on issues contained in this settlement.

² *Administrative Law Judge's Ruling Regarding Further Revising Schedule* (July 10, 2012).

The Settling Parties have reached an agreement that resolves many of the issues that have been raised with respect to the following matters before the Commission in this proceeding. They include: (1) revenue allocation as detailed below; (2) treatment of Rate Schedule PA-T-1 and (3) rate design for small commercial (4) rate design for agricultural customers and (5) certain rate design issues for Medium and Large Commercial and Industrial (“M/L C&I”) customers, specifically Basic Service Fee and rate design related to Schedule A6-TOU and Secondary Substation, Primary Substation, and Transmission service voltage levels. Pursuant to the terms of the Settlement Agreement, as soon as practicable following a Commission decision adopting the Settlement Agreement, but no earlier than January 1, 2013, SDG&E will adjust its rates for all of its bundled-service and direct access (“DA”) customers.

Section I of this motion provides background related to this proceeding. Section II describes in general the positions advocated by parties in this proceeding and the terms of the Settlement Agreement. Section III demonstrates that the Settlement Agreement is reasonable in light of the whole record, consistent with law, and in the public interest, and that it should be adopted without modification. Section IV discusses the process for Commission approval of the Settlement Agreement, including the requests of the Settling Parties for a shortened response time to this motion and the modification of Rule 12.2 procedures for Commission consideration of the Settlement Agreement.

I. BACKGROUND

This proceeding³ was initiated by the filing of SDG&E's application on October 3, 2011, along with SDG&E's supporting prepared direct testimony. The application presents the

³ This proceeding is Phase 2 of SDG&E's 2012 Test Year General Rate Case (“GRC”). SDG&E's GRC Phase 1 (A.10-12-005) will establish SDG&E's revenue requirement. D.12-08-029 (August 29, 2012) extended the Phase 1 statutory deadline to November 1, 2012.

traditional elements of a GRC Phase 2 type proceeding: electric marginal costs, marginal cost revenue responsibility, revenue allocation and rate design. In addition, the application proposed a new rate element called “Network Use Charge” for all customers to more accurately recover costs based on a customer’s actual use of the distribution system. The application also introduced a program whereby residential customers can choose to pre-pay their bills. Finally, the application proposed amending Tariff Rule 20 to facilitate converting overhead facilities to underground for fire safety purposes.

The Assigned Commissioner’s Scoping Memo and Ruling (January 18, 2012) dismissed the Network Use Charge as outside the scope of the proceeding, and ordered SDG&E to submit by February 17, 2012 updated and revised testimony that excluded the Network Use Charge. SDG&E filed a second round of prepared direct testimony on March 30, 2012. DRA served its testimony on May 18, 2012; intervenors on or about June 12, 2012,⁴ and concurrent rebuttal testimony was served on or about July 17, 2012.⁵

On July 18, 2012, pursuant to Commission Rule 12.1(b), SDG&E served on all parties to this proceeding a notice of a settlement conference. As set forth in this notice an initial settlement conference was held on July 25, 2012 at the Commission’s San Francisco offices. Continuing discussions related to the potential settlement of issues in this proceeding occurred among the interested parties after the settlement conference.

⁴ Intervenors serving testimony on or about June 12 were Settling Parties, Wal-Mart, National Consumer Law Center, The Utility Reform Network, Center for Accessible Technology, Joint Parties (National Asian American Coalition, Black Economic Council and Latino Business Chamber of Greater Los Angeles), San Diego Solar Coalition, Utility Consumers Action Network (“UCAN”), Western Manufactured Housing Communities Association, and Greenling Institute. UCAN withdrew its testimony on June 21, 2012. Intervenor and Settling Party SDCAN was granted late intervention, and was given leave to file its testimony on July 5, 2012.

⁵ Rebuttal testimony was served by SDG&E and several intervenors, including Settling Parties CFBF and FEA.

II. SUMMARY OF POSITIONS AND SETTLEMENT

The Settlement Agreement resolves issues that have been raised with respect to the following issues before the Commission in this proceeding: (1) revenue allocation as detailed below; (2) treatment of Rate Schedule PA-T-1 and (3) rate design for small commercial (4) rate design for agricultural customers and (5) certain rate design items for Medium and Large Commercial and Industrial (“M/L C&I”) customers, specifically Basic Service Fee and rate design related to Schedule A6-TOU and Secondary Substation, Primary Substation, and Transmission service voltage levels.⁶ The Settlement Agreement, Attachment A hereto, is summarized below and in a comparison exhibit, Appendix B to the Settlement Agreement, which compares Settling Parties’ positions on issues addressed by the partial settlement and the manner in which the Settlement Agreement would resolve these issues.

The Settling Parties represent a broad spectrum of customer interests. Each represents customers or groups of customers who are directly affected and have an interest in the outcome of the matters in this proceeding addressed by the Settlement Agreement. This interest is evinced by the substantial prepared testimony submitted by SDG&E and the Settling Parties on the settlement subject matters as follows:

SDG&E submitted prepared direct testimony on all of the issues that are covered under the Settlement Agreement. Settling Parties submitted responsive prepared testimony on the settled issues as follows:

- All Settling Parties, plus Wal-Mart, submitted testimony on marginal cost and revenue allocation;

⁶ Not addressed by the Settlement Agreement are the residential rate design, allocation of CARE Rate Subsidies associated with CARE tiered rates, prepayment option, distribution non-coincident demand charges for M/L C&I, and Schedule DGR rate design.

- City submitted prepared testimony on the application of Rate Schedule PA-T-1;
- DRA, City, and FEA submitted prepared testimony on rate design for small commercial and M/L C&I customers.

Prepared rebuttal testimony pertinent to the settled issues was submitted by SDG&E, CFBF, and FEA on revenue allocation, and by CFBF on Rate Schedule PA-T-1.

The following sections show how the Settlement Agreement resolves certain issues raised in this proceeding. Among other things, the Settlement Agreement provides the means of establishing rates when this Agreement is first implemented and for the term of the Agreement.

A. Marginal Cost and Revenue Allocation

1. Marginal Cost

A number of issues were raised regarding the calculation and methodologies used to derive marginal customer costs, marginal generation capacity costs, marginal energy costs, and marginal distribution demand costs. The Settling Parties were able to agree on the allocation of SDG&E's revenue requirements among the customer classes, thereby making it unnecessary to resolve the parties' differences regarding marginal cost methodologies and forecasts. Therefore the Settlement Agreement does not reflect the approval or acceptance of any one of the parties' various' marginal cost proposals.

2. Revenue Allocation

A number of issues were raised in prepared testimony regarding the allocation to SDG&E customer classes Commission-authorized distribution, commodity, and ongoing competition transition charges ("CTC") revenue requirements. Additionally, parties disputed whether the Commission should cap or limit the amount of SDG&E's revenue requirement that is allocated to any customer class, and if so, the level of the cap and whether separate caps should apply to distribution and generation revenue requirements. Other issues were raised with respect to how

particular revenue requirements should be allocated among the customer classes, such as the revenue deficiency resulting from the discount provided to CARE customers through their tiered electric rates (“CARE Rate Subsidy”), revenues associated with demand response and other public purpose programs, and SDG&E Automated Metering Infrastructure program costs.

While allocation factors are determined on a rate component basis, in order to mitigate potentially adverse impacts on any particular customer class based on movement toward cost-based rates in this proceeding while also protecting the public interest, the Settling Parties evaluated the allocation of SDG&E's revenues in the context of impacts on total revenue requirements, presented in Appendix A of the Settlement Agreement, on an overall revenue-neutral basis with present⁷ authorized rates and revenues based on a number of assumptions agreed to by the Settling Parties and reflected in SDG&E's Model. The Settling Parties agreed to establish a method to allocate revenues to each customer class through the consideration of elements from a number of different testimonies from the parties. In this way, the settlement represents a consolidation of the positions of all parties. In addition, at the Settling Parties request, SDG&E prepared a table that illustrates the class average customer rate impacts of the Settlement Agreement, both with and without the CARE rate subsidy allocation. This table is found at p. 5 of the Settlement Agreement (Attachment A to this Motion), and is set forth on the following page:

[See Table Following Page]

⁷ “Present” is defined as effective 1/01/12.

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT

ILLUSTRATIVE CLASS AVERAGE RATE IMPACTS

Settlement without Change to CARE Rate Subsidy Allocation

	Current Total Rate (¢/KWhr)	Proposed Total Rate (¢/KWhr)	Total Rate Change (¢/KWhr)	Total Rate Change (%)
Residential	17.432	16.887	(0.545)	-3.1%
Small Commercial	17.433	18.043	0.610	3.5%
Med&Lg C&I	13.747	14.148	0.401	2.9%
Agriculture	16.552	14.367	(2.185)	-13.2%
Lighting	15.360	13.891	(1.469)	-9.6%
System Total	15.455	15.532	0.077	0.5%

Settlement with DRA Proposed Change to CARE Rate Subsidy Allocation

	Current Total Rate (¢/KWhr)	Proposed Total Rate (¢/KWhr)	Total Rate Change (¢/KWhr)	Total Rate Change (%)
Residential	17.432	16.703	(0.729)	-4.2%
Small Commercial	17.433	18.155	0.722	4.1%
Med&Lg C&I	13.747	14.260	0.513	3.7%
Agriculture	16.552	14.479	(2.073)	-12.5%
Lighting	15.360	13.891	(1.469)	-9.6%
System Total	15.455	15.532	0.077	0.5%

Assumptions:

1. SDG&E Effective 1/1/12 is based on 1/1/12 Effective rates and authorized revenue requirements adjusted for 2012 test year sales
2. The Settlement Agreement does not reflect the approval or acceptance of any one of the various Parties' marginal cost proposals. The development of the distribution base allocation factors use the following assumptions as reference:

2.1 Distribution base revenue allocation factors reference 50% Rental as presented in SDG&E's rebuttal and 50% New Customer Only (NCO) as presented in a DRA/SDCAN/FB joint proposal. Distribution base revenue is capped at 10% change from present for small commercial and 18.75% change from present for M/L C&I.

Distribution base revenues exclude revenues associated with miscellaneous distribution programs such as California Solar Initiative, Self-Generation Incentive Program and Demand Response. The Settlement Agreement reflects no change to the revenue allocation factors for miscellaneous distribution programs as proposed by SDG&E.

2.2 Commodity revenue allocation factors based on SDG&E's marginal capacity costs and SEIA's Marginal Energy Costs for commodity.

2.3 CTC allocation as proposed by SDG&E

3. Results reflect Schedule PA-T-1 moved from M/L C&I to Agricultural.

4. Allocated revenues in the settlement agreement exclude impacts of specific allocations requirements related to under/over-collections, specifically related to CPPD and DGR.

The revenue allocation proposed under the Settlement Agreement is shown below compared to current and proposed SDG&E positions in this proceeding:

a. Distribution Revenue Allocation: factors for the allocation of distribution base to customer classes before non-margin revenues are as follows:

	Current	SDG&E Proposed	SDG&E Rebuttal	Settlement*
Residential	55.9%	52.1%	50.0%	48.0%
Small Commercial	11.6%	12.9%	12.8%	12.8%
Medium and Large Commercial Industrial (M/L C&I)	31.6%	34.2%	36.3%	37.5%
Agricultural	0.5%	0.4%	0.5%	1.3%
Streetlighting	0.4%	0.4%	0.4%	0.4%
Total	100.0%	100.0%	100.0%	100.0%

*Assumptions:

1. The Settlement Agreement does not reflect the approval or acceptance of any one of the parties' various' marginal cost proposals. The distribution base allocation factors were developed using the following assumptions as reference:

1.1 50% Rental as presented in SDG&E's rebuttal and 50% New Customer Only (NCO) as presented in a DRA/SDCAN/FB joint proposal.

1.2 Distribution base revenue is capped at 10% change from present for small commercial and 18.75% change from present for M/L C&I2.

2. Allocation factors reflect the move of Schedule PA-T-1 from M/L C&I to Agricultural.

3. Distribution base revenues exclude revenues associated with Miscellaneous Distribution programs such as California Solar Initiative, Self-Generation Incentive Program and Demand Response. The Settlement Agreement reflects no change to the revenue allocation factors for Miscellaneous Distribution programs as proposed by SDG&E.⁸

⁸ The phrase "as proposed by SDG&E" used in this motion and in the Settlement Agreement refers to proposals in SDG&E's direct testimony, including any subsequent modifications made in its rebuttal testimony.

4. Allocated revenues exclude impacts of specific allocations requirements related to under/over-collections, specifically related to Schedules CPP-D and DGR.

b. Commodity Revenue Allocations: Factors for the allocation of commodity revenues to customer classes are as follows:

	Current	SDG&E Proposed	Settlement*
Residential	42.5%	45.4%	45.7%
Small Commercial	12.2%	11.3%	11.3%
Medium and Large Commercial Industrial	44.4%	42.5%	41.0%
Agricultural	0.5%	0.4%	1.5%
Streetlighting	0.4%	0.5%	0.4%
Total	100.0%	100.0%	100.0%

*Assumptions:

1. The Settlement Agreement does not reflect the approval or acceptance of any one of the Parties' various marginal cost proposals. The commodity allocation factors were developed using the following assumptions as reference:

1.1 SDG&E's marginal capacity costs and SEIA's marginal energy costs.

2. Allocation factors reflect the move of Schedule PA-T-1 from M/L C&I to Agricultural

3. Allocated revenues exclude impacts of specific allocations requirements related to under/over-collections, specifically related to Schedules CPP-D and DGR.

c. CTC Revenue Allocations: Factors for the allocation of CTC revenues (adoption of SDG&E's proposed allocation factors) are as follows:

	Current	SDG&E Proposed	Settlement*
Residential	33.9%	40.9%	40.9%
Small Commercial	12.4%	11.6%	11.6%
Medium and Large Commercial Industrial	53.3%	47.1%	46.5%
Agricultural	0.4%	0.4%	1.0%

Streetlighting	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%

*Assumptions:

1. The Settlement Agreement does not reflect the approval or acceptance of any one of the parties' various' marginal cost proposals. The CTC allocation factors were developed using the following assumptions as reference:

1.1 SDG&E's updated top 100 hour allocation factors.

2. Allocation factors reflect the move of Schedule PA-T-1 from M/L C&I to Agricultural

3. Allocated revenues exclude impacts of specific allocations requirements related to under/over-collections, specifically related to Schedules CPP-D and DGR.

We note that this settlement does **not** address revenue allocations related to the CARE Rate Subsidy, as proposed by DRA in its testimony in A.11-10-002. This issue will be addressed through litigation and briefing. Finally, there is no change from present to any other allocations not identified above.

3. Schedule PA-T-1

The Settlement Agreement provides that Rate Schedule PA-T-1 will be moved from the M/L C&I class to the Agricultural class. Implementation of SDG&E's GRC Phase 2 will reflect this change in the distribution, commodity, and CTC revenue allocations. In addition, SDG&E will in the future file a similar change with the Federal Energy Regulatory Commission ("FERC") to propose this change in revenue allocations for FERC-jurisdictional rates. In its upcoming Public Purpose Program ("PPP")-related filings for the next program period, SDG&E will propose to reflect this change in the revenue allocations for PPP rates. The settlement adopts SDG&E's proposed rate design changes for Schedule PA-T-1 updated to reflect new customer class definition.

To examine the effect to the Agricultural class from the migration of Schedule PA-T-1, prior to the next GRC Phase 2 SDG&E will examine the split of the newly defined Agricultural class based on:

- <20kW;
- 20-500kW; and
- >500kW.

The examination will assess the effect on rates that result from the migration of PAT 1 in light of the split into three groups. The results of the examination shall be provided to interested parties 6 months prior to the SDG&E’s filing of the next GRC Phase 2.

4. Small Commercial Rate Design

a. Schedule A

The Settlement Agreement provides that Schedule A will be adopted as proposed by SDG&E, with the following modification agreed upon by parties (shown compared to parties’ testimony) to introduce a demand-differentiated Basic Service Fee (“BSF”):

DRA		SDCAN		SDG&E Rebuttal		Settlement	
Maximum Annual Demand (kW)	BSF (\$/Month)						
0-12 kW	\$9.56	0-2 kW	\$4.77	0-5 kW	\$9.56	0-5 kW	\$7
13-25 kW	\$11.00	3-25 kW	\$9.76	>5-20 kW	\$14.34	>5-20 kW	\$12
26-50 kW	\$19.11	>26 kW	\$37.43	>20-50 kW	\$19.12	>20-50 kW	\$20
>50 kW	\$87.34			>50 kW	\$34.70	>50 kW	\$50

In addition, SDG&E will modify the applicability for Schedule A to address its current availability to large customers.

b. Schedule A-TOU

The Settlement Agreement provides that Schedule ATOU adopted as proposed by SDG&E.

5. Schedule A-TC

The Settlement Agreement adopts as proposed by SDG&E with the following changes:

- a. Demand Differentiated Basic Service Fee (BSF):

Maximum Annual Demand (kW)	BSF (\$/Month)
0-5 kW	\$7
>5-20 kW	\$12

- b. Commodity: annual average rate (no seasonal differentiation) set at 70%
- c. Distribution energy rate: adjusted to reflect the recovery of marginal distribution demand costs only
- d. In its next GRC Phase 2 SDG&E will consider Schedule A-TC as a separate customer class for revenue allocation purposes..

6. Medium and Large Commercial and Industrial (M/L C&I) Rate Design

The Settlement Agreement provides for M/L C&I as follows:

- a. Basic Service Fee adopted as proposed by SDG&E in its direct and rebuttal testimony; specifically, no change from the current Basic Service Fee for Secondary Substation and Primary Substation voltage level customers under 500 KW and between 500 KW and 12 MW;
- b. Schedule A6-TOU – adopted as proposed by SDG&E;. Specifically, the rate design for the recovery of CTC and revenues associated with Miscellaneous Distribution programs will be collected in non-coincident demand charge instead of energy charges;
- c. Schedule AL-TOU service voltage levels Secondary Substation, Primary Substation, Transmission adopted as proposed by SDG&E with the following change: Rate design for the recovery of CTC and revenues associated with

Miscellaneous Distribution programs will be consistent with Schedule A6-TOU.

7. Streetlighting Rate Design

This Agreement adopts SDG&E's streetlighting proposals, as enumerated in Appendix B to the Settlement Agreement.

8. Agricultural Rate Design

This Agreement, in addition to the change in class definition as discussed above in C. above, provides for Agricultural, specifically Schedule PA, as proposed by SDG&E with the following changes:

- a. 20 kW Split as proposed by SDG&E.
- b. Basic Service Fee:
 - i. For less than 20kW: 25% increase from current.
 - ii. For greater than or equal to 20kW: 50% increase from current.
- c. Commodity Peak Demand Charge for greater than or equal to 20kW: set at 20% recovery of capacity costs with the corresponding change to Schedule CPP-D for this customer group.

9. Dynamic Pricing Rates Design

This Agreement provides for Dynamic Pricing as proposed by SDG&E with the following changes:

- a. Residential: optional PeakShift at Home (PSH) and option TOD as presented in the following:

OP/OF ratio 2.41		OP/OF ratio 2.00	
PSH		TOD	
\$	0.09508	\$	0.13475
\$	0.07438	\$	0.09541
\$	0.03945	\$	0.06737
\$	0.06874	\$	0.06874
\$	0.05883	\$	0.05883
\$	0.04509	\$	0.04509
\$	1.16	N/A	

- b. Small Commercial: optional PeakShift at Work and optional TOD updated to have a 3-period TOU structure consistent with other customer classes as presented in the following:

PSW		TOD	
Secondary	Primary	Secondary	Primary
\$ 1.17	\$ 1.16	N/A	N/A
\$0.08396	\$0.08353	\$0.12320	\$0.12257
\$0.06569	\$0.06535	\$0.09456	\$0.09407
\$0.04628	\$0.04605	\$0.06792	\$0.06756
\$0.06598	\$0.06564	\$0.06598	\$0.06564
\$0.05647	\$0.05618	\$0.05647	\$0.05618
\$0.04328	\$0.04306	\$0.04328	\$0.04306

- c. In the event the Commission makes a determination for mandatory TOD for Small Commercial customers, the Agreement the following for mandatory TOD rates:

TOD	
Secondary	Primary
N/A	N/A
\$ 0.10888	\$0.10832
\$ 0.09456	\$0.09407
\$ 0.07836	\$0.07796
\$ 0.06598	\$0.06564
\$ 0.05647	\$0.05618
\$ 0.04328	\$0.04306

- d. M/L C&I: as proposed by SDG&E.
- e. Agricultural: as proposed by SDG&E updated to reflect updated revenue allocations from the move of Schedule PA-T-1 and the following further changes:
 - i. For less than 20 kW, for PSW and TOD associated with Schedule PA update to have a 3-period TOU structure consistent with other customer classes.
 - ii. For greater than or equal to 20kW, Schedule CPP-D associated with Schedule PA updated to reflect 20% recovery of capacity costs for the commodity peak demand charge.
 - iii. In the event the Commission makes a determination for mandatory TOD for PA customers under 20kw, it is agreed the mandatory TOD rates will track the framework for small commercial customers.

The Settling Parties agree that SDG&E's authorized distribution, generation, and CTC revenue requirements shall be allocated to customer classes as specified in the Settlement Agreement.

III.
REQUEST FOR ADOPTION OF THE SETTLEMENT AGREEMENT

The Settlement Agreement is submitted pursuant to Rule 12.1 *et seq.* of the Commission's Rules of Practice and Procedure ("Rules"). The Settlement Agreement is consistent with Commission decisions on settlements which express the strong public policy favoring settlement of disputes if they are fair and reasonable in light of the whole record.⁹ This policy supports many worthwhile goals, including reducing the expense of litigation, conserving scarce Commission resources, and allowing parties to reduce the risk that litigation will produce unacceptable results.¹⁰ As long as a settlement taken as a whole is reasonable in light of the record, consistent with the law, and in the public interest it should be adopted without change.

The Settlement Agreement complies with Commission guidelines and relevant precedent for settlements. The general criteria for Commission approval of settlements are stated in Rule 12.1 (d) as follows:

The Commission will not approve stipulations or settlements, whether contested or uncontested, unless the stipulation or settlement is reasonable in light of the whole record, consistent with law, and in the public interest.¹¹

The Settlement Agreement meets the criteria for a settlement pursuant to Rule 12.1 (d), as discussed below.

A. The Settlement Agreement Is Reasonable In Light Of The Record

The prepared testimony, the Settlement Agreement itself, and this motion contain the information necessary for the Commission to find the Settlement Agreement reasonable in light

⁹ See, e.g., D.88-12-083 (30 CPUC 2d 189,221-223) and D.91-05-029 (40 CPUC 2d, 301, 326).

¹⁰ D.92-12-019, 46 CPUC 2d 538, 553.

¹¹ See also, *Re San Diego Gas & Electric Company*, (D.90-08-068), 37 CPUC 2d 360:

[S]ettlements brought to this Commission for review are not simply the resolution of private disputes, such as those that may be taken to a civil court. The public interest and the interest of ratepayers must also be taken into account and the Commission's duty is to protect those interests.

of the record. Prior to the settlement, parties conducted discovery, and served testimony on the issues related to marginal costs and revenue allocation. The Settling Parties request that the Commission admit the prepared testimony and related exhibits into the Commission's record of this proceeding.

The Settlement Agreement represents a reasonable compromise of the Settling Parties' positions. The prepared testimony of the Settling Parties contains sufficient information for the Commission to judge the reasonableness of the Settlement Agreement. In addition, if Settling Parties' motion for revised comment procedures is granted, any parties opposing the Settlement Agreement will have an opportunity to cross-examine witnesses sponsoring the Settlement Agreement as described in section IV below.

B. The Settlement Agreement Is Consistent With Law

The Settling Parties believe that the terms of the Settlement Agreement comply with all applicable statutes and prior Commission decisions, and reasonable interpretations thereof. In agreeing to the terms of the Settlement Agreement, the Settling Parties have explicitly considered the relevant statutes and Commission decisions and believe that the Commission can approve the Settlement Agreement without violating applicable statutes or prior Commission decisions.

C. The Settlement Agreement Is In The Public Interest

1. The Settlement Agreement is a broad-based compromise supported by the testimony that will further administrative efficiency

The Settlement Agreement is a reasonable compromise of the Settling Parties' respective positions. The Settlement Agreement is in the public interest and in the interest of SDG&E's customers. Resolution of the issues and their outcome was achieved through participation and consideration of various allocation options by representatives of all customer groups on SDG&E's system, resulting in a balanced settlement for all ratepayers. It fairly resolves issues and provides more certainty to customers regarding their present and future costs, which is in the

public interest. The Settlement Agreement, if adopted by the Commission, avoids the cost of further litigation, and frees up Commission resources for other proceedings. Given that the Commission's workload is extensive, the impact on Commission resources is doubly important. The Settlement Agreement frees up the time and resources of other parties as well, so that they may focus on other proceedings that impact their ratepayer constituencies. The prepared testimony submitted in this proceeding contains sufficient information for the Commission to judge the reasonableness of the Settlement Agreement and for it to discharge any future regulatory obligations with respect to this matter.

2. The Settlement Agreement is a balance of interests based on agreed compromise and should be construed as a whole

Each portion of the Settlement Agreement is dependent upon the other portions of the Settlement Agreement. Changes to one portion of the Settlement Agreement would alter the balance of interests and the mutually agreed upon compromises and outcomes which are contained in the Settlement Agreement. To accommodate the interests related to diverse issues, the Settling Parties acknowledge that changes, concessions, or compromises by a party or Settling Parties in one section of this Agreement resulted in changes, concessions, or compromises by the Settling Parties in other sections. As such, the Settling Parties request that the Settlement Agreement be adopted as a whole by the Commission, as it is reasonable in light of the whole record, consistent with law, and in the public interest.

**IV.
SCHEDULE FOR APPROVAL AND IMPLEMENTATION OF SETTLEMENT
AGREEMENT**

The Settling Parties seek approval of the terms of the Settlement Agreement so that SDG&E may implement rates as soon as practicable following the issuance of a final Commission decision in this proceeding, including approval of the Settlement Agreement, but no earlier than January 1, 2013. In order to accomplish this, the Settling Parties move for adoption

of the following procedures: First, to take advantage of the reserved evidentiary hearing dates (October 9-19) established by the July 10 ALJ ruling, Settling Parties request a shortened 10-day comment period¹² on the Settlement Agreement and response time to this motion. Any responses should indicate whether respondent intends to (1) contest any part of the Settlement Agreement and (2) cross-examine a panel of witnesses sponsoring the Settlement Agreement. Any contesting parties should have the opportunity to conduct cross-examination on the Settlement Agreement during one of the reserved hearing days. Given that all of the active parties participated in the numerous conference calls to discuss various elements of this settlement, the Settling Parties believe that there will not be any opposition by an active party. This participation by all active parties in the settlement process and the opportunity presented by currently-scheduled evidentiary hearings support shortening the Rule 12.2 comment period.

Second, the order modifying comment procedures should provide that parties may also comment on the Settlement Agreement in the context of the existing briefing schedule in this matter: Opening Briefs are due November 16, 2012 and Reply Briefs on December 14, 2012.¹³ This will give any contesting parties the opportunity to incorporate any evidentiary facts established in the October hearings into comments on the settlement submitted as part of the post-hearing briefing.

In the past, the Commission has upheld modified Rule 12 comment procedures for a contested settlement, finding that contesting parties had an adequate opportunity to comments in light of all the facts.¹³ Settling Parties submit that the foregoing procedure will provide interested parties with ample opportunity to explore and comment on the Settlement Agreement.

¹² Commission Rule 12.2 provides that parties may file comments contesting a settlement agreement within 30 days after a motion for adoption of the settlement agreement is filed with the Commission; reply comments may be filed 15 days after that.

¹³ See D.10-12-035 (upheld comment period of 17 days).

**V.
CONCLUSION**

WHEREFORE, the Settling Parties respectfully request that the Assigned Commissioner, Assigned ALJ, and the Commission:

1. Approve the attached Settlement Agreement as reasonable in light of the record, consistent with law, and in the public interest; and
2. Authorize SDG&E to implement changes in rates and tariffs in accordance with the terms of the Settlement Agreement.
3. Grant a 10-day response time to this motion;
4. Order modified comment procedures as described herein.

Respectfully submitted,

/s/ E. GREGORY BARNES

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Attorneys for

SAN DIEGO GAS & ELECTRIC COMPANY

October 5, 2012

Attachment A

PARTIAL SETTLEMENT AGREEMENT

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

Application of SAN DIEGO GAS & ELECTRIC)
COMPANY (U 902 E) For Authority To) Application No. 11-10-002
Update Marginal Costs, Cost Allocation,) (Filed October 3, 2011)
And Electric Rate Design.)
_____)

PARTIAL SETTLEMENT AGREEMENT

October 4, 2012

PARTIAL SETTLEMENT AGREEMENT

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APPENDIX A: REVENUE ALLOCATION SUMMARY RESULTS
APPENDIX B: COMPARISON OF POSITIONS AND SETTLEMENT

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

Application of SAN DIEGO GAS & ELECTRIC)	
COMPANY (U 902 E) For Authority To)	Application No. 11-10-002
Update Marginal Costs, Cost Allocation,)	(Filed October 3, 2011)
And Electric Rate Design.)	
_____)	

PARTIAL SETTLEMENT AGREEMENT

This Partial Settlement Agreement (“Agreement”) is entered into by and among the undersigned Parties hereto, with reference to the following:

1. Parties

The Parties to this Agreement are San Diego Gas & Electric Company (“SDG&E”); Division of Ratepayer Advocates (“DRA”); San Diego Consumers Action Network (SDCAN); The City of San Diego (City); California Farm Bureau Federation (“CFBF”); Federal Executive Agencies (“FEA”); California City-County Street Light Association (“CAL-SLA”); Solar Energy Industries Association (“SEIA”); (referred to hereinafter collectively as “Settling Parties” or individually as “Party”).¹

2. Recitals

- a. In deciding Phase 2 of SDG&E's 2012 GRC, the Commission will allocate SDG&E's authorized revenue requirement among customer classes and authorize rate design changes for rate schedules in each customer class.
- b. On October 3, 2011, SDG&E served its initial prepared testimony regarding marginal costs, revenue allocation and rate design in Application 11-10-002. As directed in the

¹ Wal-Mart Stores, Inc. & Sam’s West, Inc, (“Wal-Mart”) and the City of Chula Vista are not signatories to, but do not oppose, this Agreement.

Assigned Commissioner's Scoping Memo (January 18, 2012), SDG&E submitted a revised application and served supporting testimony on February 17, 2012, and served second revised testimony on March 30, 2012.

- c. DRA served its initial testimony on May 18, 2012. Intervenors, including the Settling Parties to this Agreement, served their initial prepared testimony on or about June 12, 2012. SDG&E, certain intervenors and Settling Parties FEA and CFBF submitted rebuttal testimony on or about July 17, 2012.
- d. SDG&E and Settling Parties submitted prepared testimony regarding marginal cost and revenue allocation or other issues addressed in this Agreement.
- e. On July 18, 2012, SDG&E served notice on all parties of its intent to conduct a settlement conference related to issues in A.11-10-002; pursuant to this notice, an initial settlement conference was held on July 25, 2012 at the Commission's San Francisco offices.
- f. Continuing settlement discussions occurred among the parties after July 25, 2012.
- g. The Settling Parties have evaluated the impacts of the various proposals in this proceeding and desire to resolve all issues related to marginal costs and the allocation of SDG&E's authorized revenue requirement beginning with the implementation of a California Public Utilities Commission decision approving this Agreement, and have reached agreement as indicated in Paragraph 3 of this Agreement.
- h. Appendix A to this Agreement presents the impacts on of the Agreement on total revenue requirements which are determined an overall revenue-neutral basis with present authorized rates and revenues based on a number of assumptions agreed to by the Settling Parties and reflected in SDG&E's Model.

- i. Appendix B to this Agreement provides a comparison of the Settling Parties' positions, where applicable, related to marginal costs, revenue allocation, and small commercial and certain Medium and Large Commercial and Industrial ("M/L C&I") customer rate design that have been resolved by this Agreement. In the event of a conflict between the terms of this Agreement and Appendix B, the terms of this Agreement shall control.

3. Agreement

In consideration of the mutual obligations, covenants and conditions contained herein, the Settling Parties agree to the terms of this Agreement. Nothing in this Agreement shall be deemed to constitute an admission by any Settling Party that its position on any issue lacks merit or that its position has greater or lesser merit than the position taken by any other Settling Party. This Agreement is subject to the express limitation on precedent described in Paragraph 10 herein. The phrase "as proposed by SDG&E" used in this Agreement refers to proposals in SDG&E's direct testimony, including any subsequent modifications made in its rebuttal testimony. Unless specifically stated otherwise herein, this Agreement and its terms are intended to remain in effect until a decision is implemented in SDG&E's next rate design proceeding.

A. Marginal Costs

This Agreement does not reflect approval or acceptance of any of the Settling Parties' marginal cost proposals as the basis for this Agreement. The Settling Parties agree that the designated marginal costs provide reference points for the development of allocation factors for SDG&E's revenue allocation. In addition, SDG&E has agreed to make the following improvements in developing its marginal costs for the next General Rate Case ("GRC"):

- SDG&E agrees to perform a study to determine the appropriate allocation of marginal customer account and service costs (FERC Accounts 901-910) by customer class in its marginal distribution cost study.
- SDG&E agrees that the customer demand levels used in the marginal distribution customer cost study will be consistent with the demand levels adopted with the demand-differentiated basic services charge included in the Small Commercial rate design of this Agreement.

B. Revenue Allocation

In order to avoid further litigation and to mitigate potentially adverse impacts on any particular customer class based on movement toward cost-based rates in this proceeding, the Settling Parties have agreed on how to allocate SDG&E's Commission-authorized distribution, commodity, and ongoing competition transition charges (“CTC”) revenue requirements. The following table illustrates the class average customer rate impacts of this Agreement, both with and without the CARE rate subsidy allocation:

[See next page]

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT

ILLUSTRATIVE CLASS AVERAGE RATE IMPACTS

Settlement without Change to CARE Rate Subsidy Allocation

	Current Total Rate (¢/KWhr)	Proposed Total Rate (¢/KWhr)	Total Rate Change (¢/KWhr)	Total Rate Change (%)
Residential	17.432	16.887	(0.545)	-3.1%
Small Commercial	17.433	18.043	0.610	3.5%
Med&Lg C&I	13.747	14.148	0.401	2.9%
Agriculture	16.552	14.367	(2.185)	-13.2%
Lighting	15.360	13.891	(1.469)	-9.6%
System Total	15.455	15.532	0.077	0.5%

Settlement with DRA Proposed Change to CARE Rate Subsidy Allocation

	Current Total Rate (¢/KWhr)	Proposed Total Rate (¢/KWhr)	Total Rate Change (¢/KWhr)	Total Rate Change (%)
Residential	17.432	16.703	(0.729)	-4.2%
Small Commercial	17.433	18.155	0.722	4.1%
Med&Lg C&I	13.747	14.260	0.513	3.7%
Agriculture	16.552	14.479	(2.073)	-12.5%
Lighting	15.360	13.891	(1.469)	-9.6%
System Total	15.455	15.532	0.077	0.5%

Assumptions:

1. SDG&E Effective 1/1/12 is based on 1/1/12 Effective rates and authorized revenue requirements adjusted for 2012 test year sales
2. The Settlement Agreement does not reflect the approval or acceptance of any one of the various Parties' marginal cost proposals. The development of the distribution base allocation factors use the following assumptions as reference:
 - 2.1 Distribution base revenue allocation factors reference 50% Rental as presented in SDG&E's rebuttal and 50% New Customer Only (NCO) as presented in a DRA/SDCAN/FB joint proposal. Distribution base revenue is capped at 10% change from present for small commercial and 18.75% change from present for M/L C&I. Distribution base revenues exclude revenues associated with miscellaneous distribution programs such as California Solar Initiative, Self-Generation Incentive Program and Demand Response. The Settlement Agreement reflects no change to the revenue allocation factors for miscellaneous distribution programs as proposed by SDG&E.
 - 2.2 Commodity revenue allocation factors based on SDG&E's marginal capacity costs and SEIA's Marginal Energy Costs for commodity.
 - 2.3 CTC allocation as proposed by SDG&E
3. Results reflect Schedule PA-T-1 moved from M/L C&I to Agricultural.
4. Allocated revenues in the settlement agreement exclude impacts of specific allocations requirements related to under/over-collections, specifically related to CPPD and DGR.

The revenue allocation proposed under the Agreement is shown below compared to current and proposed SDG&E positions in this proceeding:

i. Distribution Revenue Allocation: factors for the allocation of distribution base to customer classes before non-margin revenues are as follows:

	Current	SDG&E Proposed	SDG&E Rebuttal	Settlement*
Residential	55.9%	52.1%	50.0%	48.0%
Small Commercial	11.6%	12.9%	12.8%	12.8%
Medium and Large Commercial Industrial (M/L C&I)	31.6%	34.2%	36.3%	37.5%
Agricultural	0.5%	0.4%	0.5%	1.3%
Streetlighting	0.4%	0.4%	0.4%	0.4%
Total	100.0%	100.0%	100.0%	100.0%

*Assumptions:

1. The Agreement does not reflect the approval or acceptance of any one of the various Parties' marginal cost proposals. The distribution base allocation factors were developed using the following assumptions as reference:
 - 1.1. 50% Rental as presented in SDG&E's rebuttal and 50% New Customer Only (NCO) as presented in a DRA/SDCAN/FB joint proposal.
 - 1.2. Distribution base revenue is capped at 10% change from present for small commercial and 18.75% change from present for M/L C&I.
2. Allocation factors reflect the move of Schedule PA-T-1 from M/L C&I to Agricultural.
3. Distribution base revenues exclude revenues associated with Miscellaneous Distribution programs such as California Solar Initiative, Self-Generation Incentive Program and Demand Response. The Agreement reflects no change to the revenue allocation factors for Miscellaneous Distribution programs as proposed by SDG&E.
4. Allocated revenues exclude impacts of specific allocations requirements related to under/over-collections, specifically related to Schedule CPP-D and Schedule DG-R.

ii. Commodity Revenue Allocations: Factors for the allocation of commodity revenues to customer classes are as follows:

	Current	SDG&E Proposed	Settlement*
Residential	42.5%	45.4%	45.7%
Small Commercial	12.2%	11.3%	11.3%
Medium and Large Commercial Industrial (M/L C&I)	44.4%	42.5%	41.0%
Agricultural	0.5%	0.4%	1.5%
Streetlighting	0.4%	0.5%	0.4%
Total	100.0%	100.0%	100.0%

*Assumptions:

1. The Agreement does not reflect the approval or acceptance of any one of the various Parties' marginal cost proposals. The commodity allocation factors were developed using the following assumptions as reference:
 - 1.1. SDG&E's marginal capacity costs and SEIA's marginal energy costs.
2. Allocation factors reflect the move of Schedule PA-T-1 from M/L C&I to Agricultural
3. Allocated revenues exclude impacts of specific allocations requirements related to under/over-collections, specifically related to Schedules CPP-D and DGR.

iii. CTC Revenue Allocations: Factors for the allocation of CTC revenues (adoption of SDG&E's proposed allocation factors) are as follows:

	Current	SDG&E Proposed	Settlement*
Residential	33.9%	40.9%	40.9%
Small Commercial	12.4%	11.6%	11.6%
Medium and Large Commercial Industrial	53.3%	47.1%	46.5%

Agricultural	0.4%	0.4%	1.0%
Streetlighting	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%

*Assumptions:

1. The Agreement does not reflect the approval or acceptance of any one of the various Parties' marginal cost proposals. The CTC allocation factors were developed using the following assumptions as reference:
 - 1.1. SDG&E's updated top 100 hour allocation factors.
2. Allocation factors reflect the move of Schedule PA-T-1 from M/L C&I to Agricultural
3. Allocated revenues exclude impacts of specific allocations requirements related to under/over-collections, specifically related to Schedules CPP-D and DGR.

[End Revenue Allocation Tables and Notes]

Note that this Agreement does **not** address revenue allocations related to the CARE Rate Subsidy, as proposed by DRA in its testimony in A.11-10-002. Finally, there is no change from present to any other allocations not identified above.

C. Schedule PA-T-1

This Agreement provides that Rate Schedule PA-T-1 will be moved from the M/L C&I class to the Agricultural class. Implementation of SDG&E's GRC Phase 2 will reflect this change in the Distribution, Commodity, and CTC revenue allocations. In addition, SDG&E will in the future file a similar change with the Federal Energy Regulatory Commission ("FERC") to propose this change in revenue allocations for FERC-jurisdictional rates. In its upcoming Public Purpose Program ("PPP")-related filings for the next program period, SDG&E will propose to reflect this change in the revenue allocations for PPP rates. The settlement adopts SDG&E's proposed rate design changes for Schedule PA-T-1 updated to reflect new customer class definition.

With the move of Schedule PA-T-1 from M/L C&I to Agricultural, to examine the effect to the Agricultural class from the migration of Schedule PA-T-1, prior to the next GRC Phase 2 SDG&E will examine the split of the newly defined Agricultural class based on:

- <20kW;
- 20-500kW;
- >500kW.

The examination will assess the effect on rates that result from the migration of PAT 1 in light of the split into three groups. The results of the examination shall be provided to interested parties 6 months prior to the SDG&E’s filing of the next GRC Phase 2.

D. Small Commercial Rate Design

i. Schedule A

This Agreement provides that Schedule A will be adopted as proposed by SDG&E, with the following change to introduce a demand-differentiated Basic Service Fee (“BSF”) (shown in comparison to parties’ proposals in testimony):

DRA		SDCAN		SDG&E Rebuttal		Settlement	
Maximum Annual Demand (kW)	BSF (\$/Month)						
0-12 kW	\$9.56	0-2 kW	\$4.77	0-5 kW	\$9.56	0-5 kW	\$7
13-25 kW	\$11.00	3-25 kW	\$9.76	>5-20 kW	\$14.34	>5-20 kW	\$12
26-50 kW	\$19.11	>26 kW	\$37.43	>20-50 kW	\$19.12	>20-50 kW	\$20
>50 kW	\$87.34			>50 kW	\$34.70	>50 kW	\$50

In addition, SDG&E will modify the applicability for Schedule A to address its current availability to large customers.

ii. Schedule A-TOU

This Agreement provides for adoption of Schedule ATOU as proposed by SDG&E.

E. Schedule A-TC

This Agreement adopts the schedule as proposed by SDG&E with the following changes:

i. Demand Differentiated Basic Service Fee (BSF):

Maximum Annual Demand (kW)	BSF (\$/Month)
0-5 kW	\$7
>5-20 kW	\$12

ii. Commodity: annual average rate (no seasonal differentiation) set at 70%;

iii. Distribution energy rate: adjusted to reflect the recovery of marginal distribution demand costs only;

iv. In its next GRC Phase 2 SDG&E will consider Schedule A-TC as a separate customer class for revenue allocation purposes.

F. Medium and Large Commercial and Industrial (M/L C&I) Rate Design

This Agreement provides for M/L C&I as follows:

i. Basic Service Fee as proposed by SDG&E: Specifically, no change to the current Basic Service Fee for Secondary Substation and Primary Substation voltage level customers under 500 KW and between 500 KW and 12 MW;

ii. Schedule A6-TOU – as proposed by SDG&E: Specifically, the rate design for the recovery of CTC and revenues associated with Miscellaneous

Distribution programs will be collected in non-coincident demand charge instead of energy charges;

- iii. Schedule AL-TOU service voltage levels Secondary Substation, Primary Substation, Transmission adopted as proposed by SDG&E with the following change: Rate design for the recovery of CTC and revenues associated with Miscellaneous Distribution programs will be consistent with Schedule A6-TOU.

G. Streetlighting Rate Design

This Agreement adopts SDG&E's streetlighting proposals, as enumerated in Appendix B to the Agreement.

H. Agricultural Rate Design

This Agreement, in addition to the change in class definition as discussed above in C. above, provides for Agricultural, specifically Schedule PA, as proposed by SDG&E with the following changes:

- i. 20 kW Split as proposed by SDG&E.
- ii. Basic Service Fee:
 - a. For less than 20kW: 25% increase from current.
 - b. For greater than or equal to 20kW: 50% increase from current.
- iii. Commodity Demand Charge for greater than or equal to 20kW: set at 20% recovery of capacity costs with the corresponding change to Schedule CPP-D for this customer group.

- iv. Undergrounding: As stated in SDG&E’s rebuttal testimony (Rick Gardner), SDG&E agrees to have early and direct contact and cooperation with the landowner, consistent with CFBF’s testimony.

I. Dynamic Pricing Rates Design

This Agreement provides for Dynamic Pricing as proposed by SDG&E with the following changes:

- i. Residential: optional PeakShift at Home (PSH) and optional TOD as presented in the following:

OP/OF ratio 2.41		OP/OF ratio 2.00	
PSH		TOD	
\$	0.09508	\$	0.13475
\$	0.07438	\$	0.09541
\$	0.03945	\$	0.06737
\$	0.06874	\$	0.06874
\$	0.05883	\$	0.05883
\$	0.04509	\$	0.04509
\$	1.16	N/A	

- ii. Small Commercial: optional PeakShift at Work and optional TOD updated to have a 3-period TOU structure consistent with other customer classes as presented in the following:

PSW		TOD	
Secondary	Primary	Secondary	Primary
\$ 1.17	\$ 1.16	N/A	N/A
\$0.08396	\$0.08353	\$0.12320	\$0.12257
\$0.06569	\$0.06535	\$0.09456	\$0.09407
\$0.04628	\$0.04605	\$0.06792	\$0.06756
\$0.06598	\$0.06564	\$0.06598	\$0.06564
\$0.05647	\$0.05618	\$0.05647	\$0.05618
\$0.04328	\$0.04306	\$0.04328	\$0.04306

iii. In the event the Commission makes a determination for mandatory TOD for Small Commercial customers, the Agreement the following for mandatory TOD rates:

TOD	
Secondary	Primary
N/A	N/A
\$ 0.10888	\$ 0.10832
\$ 0.09456	\$ 0.09407
\$ 0.07836	\$ 0.07796
\$ 0.06598	\$ 0.06564
\$ 0.05647	\$ 0.05618
\$ 0.04328	\$ 0.04306

- iv. M/L C&I: as proposed by SDG&E.
- v. Agricultural: as proposed by SDG&E, updated to reflect updated revenue allocations from the move of Schedule PA-T-1 and the following further changes:
 - a. For less than 20 kW, for PSW and TOD associated with Schedule PA update to have a 3-period TOU structure consistent with other customer classes.
 - b. For greater than or equal to 20kW, Schedule CPP-D associated with Schedule PA updated to reflect 20% recovery of capacity costs for the commodity peak demand charge.
 - c. In the event the Commission makes a determination for mandatory TOD for PA customers under 20kw, it is agreed the mandatory TOD rates will track the framework for small commercial customers.

4. Implementation of Agreement

The Settling Parties intend that SDG&E should be authorized to implement the rates resulting from this Agreement as soon as practicable following the issuance of a final Commission decision approving this Agreement, but no earlier than January 1, 2013.

5. Record Evidence

The Settling Parties recommend that all of their related prepared testimony be admitted as part of the evidentiary record for this proceeding.

6. Incorporation of Complete Agreement

This Agreement is to be treated as a complete package and not as a collection of separate agreements on discrete issues. To accommodate the interests related to diverse issues, the Settling Parties acknowledge that changes, concessions, or compromises by a Party or Settling Parties in one section of this Agreement resulted in changes, concessions, or compromises by the Settling Parties in other sections. Consequently, the Settling Parties agree to oppose any modification of this Agreement not agreed to by all Settling Parties. If the Commission does not approve this Agreement without modification, the terms and conditions reflected in this Agreement shall no longer apply to the Settling Parties.

7. Signature Date

This Agreement shall become binding as of the last signature date of the Settling Parties.

8. Regulatory Approval

The Settling Parties, by signing this Agreement, acknowledge that they pledge support for Commission approval and subsequent implementation of all the provisions of the Agreement for the duration of rates implemented pursuant to a Commission order adopting this Agreement in this proceeding, *i.e.*, Phase 2 of SDG&E's 2012 GRC. The Settling Parties shall use their best efforts to obtain Commission approval of the

Agreement. The Settling Parties shall jointly request that the Commission approve the Agreement without change, and find the Agreement to be reasonable, consistent with law and in the public interest.

9. Compromise of Disputed Claims

This Agreement represents a compromise of disputed claims between the Settling Parties. The Settling Parties have reached this Agreement after taking into account the possibility that each Party may or may not prevail on any given issue. The Settling Parties assert that this Agreement is reasonable, consistent with law and in the public interest.

10. Non Precedent

Consistent with Rule 12.5 of the Commission's Rules of Practice and Procedure, this Agreement does not constitute precedent in any other proceeding before this Commission, except as expressly provided in this Agreement or unless the Commission expressly provides otherwise.

11. Previous Communication

The Agreement contains the entire agreement and understanding between the Settling Parties as to the subject matter of this Agreement, and supersedes all prior agreements, commitments, representation, and discussions between the Settling Parties. In the event there is any conflict between the terms and scope of the Agreement and the terms and scope of the accompanying joint motion, the Agreement shall govern.

12. Non Waiver

None of the provisions of this Agreement shall be considered waived by any Party unless such waiver is given in writing. The failure of a Party to insist in anyone or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of their rights hereunder shall not be construed as a waiver of any such

provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

13. Effect of Subject Headings

Subject headings in this Agreement are inserted for convenience only, and shall not be construed as interpretations of the text.

14. Governing Law

This Agreement shall be interpreted, governed and construed under the laws of the State of California, including Commission decisions, orders and rulings, as if executed and to be performed wholly within the State of California.

15. Number of Originals

This Agreement is executed in counterparts, each of which shall be deemed an original. The undersigned represent that they are authorized to sign on behalf of the Settling Party.

Dated this 4th day of October, 2012.

SAN DIEGO GAS & ELECTRIC COMPANY

By: /s/ E. GREGORY BARNES
E. Gregory Barnes, Attorney

CALIFORNIA CITY-COUNTY STREET LIGHT ASSOCIATION

By: /s/ REED SCHMIDT
Reed Schmidt, Principal

CALIFORNIA FARM BUREAU FEDERATION

By: /s/ KAREN NORENE MILLS
Karen Norene Mills, Associate Counsel

CITY OF SAN DIEGO

By: /s/ FREDERICK M. ORTLIEB
Frederick M. Ortlieb, Deputy City Attorney

DIVISION OF RATEPAYER ADVOCATES

By: /s/ NICHOLAS SHER
Nicholas Sher, Attorney

FEDERAL EXECUTIVE AGENCIES

By: /s/ NORMAN FURUTA
Norman Furuta, Counsel

SAN DIEGO CONSUMERS ACTION NETWORK

By: /s/ MICHAEL SHAMES
Michael Shames

SOLAR ENERGY INDUSTRIES ASSOCIATION

By: /s/ R. THOMAS BEACH
R. Thomas Beach, Consultant to SEIA

Appendix A

Attachment A Appendix A Table of Contents

<u>A.1</u>	<u>No Change to CARE Rate Subsidy Allocation</u>	<u>A.2</u>	<u>Change to CARE Rate Subsidy Allocation per DRA Testimony</u>
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A.1B	Class Average Rates Section A: SDG&E Effective 1/1/12 ¹ Section B: Settlement without Change to CARE Rate Subsidy Allocation Section C: Cents/kWh Change from Current = (Section B - Section A) Section D: % Change from Current = (Section B - Section A) / Section A	A.2B	Class Average Rates Section A: SDG&E Effective 1/1/12 ¹ Section B: Settlement with Change to CARE Rate Subsidy Allocation Section C: Cents/kWh Change from Current = (Section B - Section A) Section D: % Change from Current = (Section B - Section A) / Section A
A.1C	Class Average Revenue Allocation Section A: SDG&E Effective 1/1/12 ¹ Section B: Settlement without Change to CARE Rate Subsidy Allocation Section C: % Difference from Current = (Section B - Section A)	A.2C	Class Average Revenue Allocation Section A: SDG&E Effective 1/1/12 ¹ Section B: Settlement with Change to CARE Rate Subsidy Allocation Section C: % Difference from Current = (Section B - Section A)

Assumptions:

1. SDG&E Effective 1/1/12 is based on 1/1/12 Effective rates and authorized revenue requirements adjusted for 2012 test year sales
2. The Settlement Agreement does not reflect the approval or acceptance of any one of the various Parties' marginal cost proposals. The development of the distribution base allocation factors use the following assumptions as reference:
 - 2.1 Distribution base revenue allocation factors reference 50% Rental as presented in SDG&E's rebuttal and 50% New Customer Only (NCO) as presented in a DRA/SDCAN/FB joint proposal. Distribution base revenue is capped at 10% change from present for small commercial and 18.75% change from present for M/L C&I. Distribution base revenues exclude revenues associated with miscellaneous distribution programs such as California Solar Initiative, Self-Generation Incentive Program and Demand Response. The Settlement Agreement reflects no change to the revenue allocation factors for miscellaneous distribution programs as proposed by SDG&E.
 - 2.2 Commodity revenue allocation factors based on SDG&E's marginal capacity costs and SEIA's Marginal Energy Costs for commodity.
 - 2.3 CTC allocation as proposed by SDG&E
3. Results reflect Schedule PA-T-1 moved from M/L C&I to Agricultural.
4. Allocated revenues in the settlement agreement exclude impacts of specific allocations requirements related to under/over-collections, specifically related to CPPD and DGR.

Class Average Rate Revenue Summary (\$)

A: SDG&E Effective 1/1/2012¹

Line No.	(A) Determinants (KWhr)	(B) Distribution Revenues (\$)	(C) Transmission Revenues (\$)	(D) Public Goods Revenues (\$)	(E) Nuc Decom Revenues (\$)	(F) On-Going CTC ^{2,3} Revenues (\$)	(G) RS Revenues (\$)	(H) TRAC Revenues (\$)	(I) Total UDC Revenues (\$)	(J) Commodity Revenues (\$)	(K) DWR-BC Revenues (\$)	(L) Total Revenues (\$)
1	Residential	7,838,814,977	590,237,676	142,274,482	55,106,889	3,449,079	24,038,426	(1,959,704)	37,933,262	851,080,090	32,563,212	1,416,076,378
2	Small Comm.	1,952,663,565	117,543,732	42,880,995	17,396,027	859,172	8,149,960	(686,272)	0	186,233,594	9,988,993	342,232,595
3	Med & Lg C&I	10,816,147,401	353,764,910	172,442,775	75,910,689	4,793,985	40,241,470	(3,589,193)	0	644,150,615	48,812,606	1,247,925,245
4	Agriculture	84,253,317	4,883,910	1,849,360	698,460	37,071	278,878	(24,433)	0	7,723,247	435,341	13,779,676
5	Lighting	114,786,000	8,918,724	1,235,119	397,166	60,507	0	(18,366)	0	10,583,150	588,740	17,762,464
6	System Total	20,808,667,261	1,075,348,952	380,682,711	149,095,192	9,155,814	72,709,735	(5,137,969)	37,933,262	1,699,770,667	92,468,892	3,037,700,358

B: Settlement without Change to CARE Rate Subsidy Allocation

Line No.	(A) Determinants (KWhr)	(B) Distribution ¹ Revenues (\$)	(C) Transmission Revenues (\$)	(D) Public Goods Revenues (\$)	(E) Nuc Decom Revenues (\$)	(F) On-Going CTC ^{2,3} Revenues (\$)	(G) RS Revenues (\$)	(H) TRAC Revenues (\$)	(I) Total UDC Revenues (\$)	(J) Commodity ² Revenues (\$)	(K) DWR-BC Revenues (\$)	(L) Total Revenues (\$)
1	Residential	7,838,814,977	507,716,908	142,274,482	55,106,888	3,449,079	(29,750,449)	(1,959,704)	37,933,262	774,251,343	564,965,330	1,371,779,886
2	Small Comm.	1,952,663,565	135,372,118	42,880,995	17,476,339	859,172	8,442,535	(686,272)	0	204,444,855	140,185,716	354,599,563
3	Med & Lg C&I	10,680,969,566	409,266,682	166,977,361	73,854,470	4,655,983	33,792,580	(2,488,064)	0	685,960,621	530,021,629	1,263,735,228
4	Agriculture ³	321,531,152	14,398,792	7,414,774	2,354,659	141,474	743,171	(105,862)	0	24,945,268	19,147,070	45,866,309
5	Lighting	114,786,000	6,694,488	1,235,119	397,166	60,507	0	(18,366)	0	10,258,912	5,245,329	16,092,961
6	System Total	20,808,667,261	1,075,348,952	380,682,711	149,189,504	9,155,814	72,709,735	(5,137,969)	37,933,262	1,699,660,998	1,259,565,073	3,051,894,964

C: \$ Change from Current

Line No.	(A) Determinants (KWhr)	(B) Distribution ¹ Revenues (\$)	(C) Transmission Revenues (\$)	(D) Public Goods Revenues (\$)	(E) Nuc Decom Revenues (\$)	(F) On-Going CTC ^{2,3} Revenues (\$)	(G) RS Revenues (\$)	(H) TRAC Revenues (\$)	(I) Total UDC Revenues (\$)	(J) Commodity ² Revenues (\$)	(K) DWR-BC Revenues (\$)	(L) Total Revenues (\$)
1	Residential	7,838,814,977	(62,520,770)	0	0	0	5,692,023	0	(0)	(76,626,747)	32,532,255	(44,295,492)
2	Small Comm.	1,952,663,565	17,828,384	0	90,312	0	292,675	0	0	18,211,270	(6,544,302)	12,366,968
3	Med & Lg C&I	10,680,969,566	55,503,782	(6,595,413)	(1,656,199)	(104,402)	(6,448,890)	91,129	0	41,810,008	(24,744,395)	15,905,980
4	Agriculture ³	321,531,152	9,512,842	5,595,413	1,656,199	104,402	464,293	(91,129)	0	17,222,021	13,525,982	31,909,633
5	Lighting	114,786,000	(324,239)	0	0	0	0	0	0	(324,239)	(1,365,246)	(1,689,484)
6	System Total	20,808,667,261	0	0	90,312	0	0	0	(0)	90,312	14,104,294	14,194,605

D: % Change from Current

Line No.	(A) Determinants (KWhr)	(B) Distribution ¹ Revenues (%)	(C) Transmission Revenues (%)	(D) Public Goods Revenues (%)	(E) Nuc Decom Revenues (%)	(F) On-Going CTC ^{2,3} Revenues (%)	(G) RS Revenues (%)	(H) TRAC Revenues (%)	(I) Total UDC Revenues (%)	(J) Commodity ² Revenues (%)	(K) DWR-BC Revenues (%)	(L) Total Revenues (%)
1	Residential		-13.98%	0.00%	0.00%	23.68%	0.00%	0.00%	-0.03%	6.11%	0.00%	-3.13%
2	Small Comm.		15.17%	0.00%	0.52%	3.59%	0.00%	0.00%	9.78%	-4.00%	0.00%	3.61%
3	Med & Lg C&I		15.69%	-3.23%	-2.19%	-16.03%	-3.16%	0.00%	6.49%	-4.46%	-2.37%	1.27%
4	Agriculture ³		194.78%	300.94%	237.12%	166.49%	332.04%	0.00%	222.99%	240.83%	268.83%	231.57%
5	Lighting		-3.84%	0.00%	0.00%	0.00%	0.00%	0.00%	-3.05%	-20.65%	0.00%	-9.50%
6	System Total		0.00%	0.00%	0.06%	0.00%	0.00%	0.00%	0.01%	1.13%	0.00%	0.47%

Assumptions:
 1. SDG&E Effective 1/1/12 is based on 1/1/12 Effective rates and authorized revenue requirements adjusted for 2012 test year sales.
 2. The Settlement Agreement does not reflect the approval or acceptance of any one of the various Parties' marginal cost proposals. The development of the distribution base allocation factors use the following assumptions as references:
 2.1. Distribution base revenue allocation factors reference 50% Rental as presented in SDG&E's rebuttal and 50% New Customer Only (NCO) as presented in a DRAS/DCAN/IFB joint proposal. Distribution base revenue is capped at 10% change from present for small commercial and 18.75% change from present for ML C&I.
 2.2. Distribution base revenue allocation factors are based on miscellaneous distribution programs such as California Solar Initiative, Self-Generation Incentive Program and Demand Responses. The Settlement Agreement reflects no change to the revenue allocation factors proposed by SDG&E.
 2.3. CTC allocation factors based on SDG&E's marginal capacity costs and SEI's Marginal Energy Costs for commodity.
 3. Results reflect Schedule PA-T-1 moved from ML C&I to Agricultural.
 4. Allocated revenues in the settlement agreement exclude impacts of specific allocations requirements related to under/over-collections, specifically related to CFPD and DGR.

Class Average Rates (cents/kWh)

A: SDG&E Effective 11/1/2012

Line No.	(A) Determinants (KWhr)	(B) Distribution Revenues (cents/kWh)	(C) Transmission Revenues (cents/kWh)	(D) Public Goods Revenues (cents/kWh)	(E) Nuc Decom Revenues (cents/kWh)	(F) On-Going CTC Revenues (cents/kWh)	(G) RS Revenues (cents/kWh)	(H) TRAC Revenues (cents/kWh)	(I) Total UDC Revenues (cents/kWh)	(J) Commodity Revenues (cents/kWh)	(K) DVR-BC Revenues (cents/kWh)	(L) Total Revenues (cents/kWh)
1	Residential	7,838,814,977	1,815	0.703	0.044	0.307	(0.025)	0.484	10,212	6,805	0.415	17,432
2	Small Comm.	1,952,653,565	5,857	0.889	0.044	0.417	(0.029)	0.000	9,384	7,538	0.511	17,433
3	Med & Lt C&I	10,580,865,566	3,170	1.594	0.688	0.372	(0.024)	0.000	5,854	7,441	0.452	13,747
4	Agriculture	84,253,317	5,787	0.829	0.044	0.331	(0.025)	0.000	9,137	8,888	0.517	16,552
5	Lighting	114,768,000	7,632	1,076	0.346	0.044	(0.016)	0.000	8,082	5,765	0.513	15,380
6	System Total	20,809,657,261	4,858	1,733	0.717	0.349	(0.025)	0.182	7,858	7,153	0.444	15,455

B: Settlement without Change to CARE Rate Subsidy Allocation

Line No.	(A) Determinants (KWhr)	(B) Distribution ¹ Revenues (cents/kWh)	(C) Transmission Revenues (cents/kWh)	(D) Public Goods Revenues (cents/kWh)	(E) Nuc Decom Revenues (cents/kWh)	(F) On-Going CTC ^{2,3} Revenues (cents/kWh)	(G) RS Revenues (cents/kWh)	(H) TRAC Revenues (cents/kWh)	(I) Total UDC Revenues (cents/kWh)	(J) Commodity ^{2,3} Revenues (cents/kWh)	(K) DVR-BC Revenues (cents/kWh)	(L) Total Revenues (cents/kWh)
1	Residential	7,838,814,977	5,851	1,815	0.703	0.044	0.379	(0.025)	0.484	9,251	7,221	16,897
2	Small Comm.	1,952,653,565	6,768	2,195	0.895	0.044	0.432	(0.029)	0.000	10,295	7,237	18,043
3	Med & Lt C&I	10,580,865,566	3,751	1,577	0.688	0.044	0.319	(0.024)	0.000	6,365	7,332	14,148
4	Agriculture ⁴	321,531,152	4,372	2,306	0.732	0.044	0.231	(0.033)	0.000	7,652	6,218	14,367
5	Lighting	114,768,000	7,354	1,076	0.346	0.044	0.000	(0.016)	0.000	8,904	4,574	13,891
6	System Total	20,809,657,261	4,854	1,733	0.717	0.349	(0.025)	0.182	7,854	7,234	0.444	15,532

C: Cents/kWh Change from Current

Line No.	(A) Determinants (KWhr)	(B) Distribution ¹ Revenues (cents/kWh)	(C) Transmission Revenues (cents/kWh)	(D) Public Goods Revenues (cents/kWh)	(E) Nuc Decom Revenues (cents/kWh)	(F) On-Going CTC ^{2,3} Revenues (cents/kWh)	(G) RS Revenues (cents/kWh)	(H) TRAC Revenues (cents/kWh)	(I) Total UDC Revenues (cents/kWh)	(J) Commodity ^{2,3} Revenues (cents/kWh)	(K) DVR-BC Revenues (cents/kWh)	(L) Total Revenues (cents/kWh)
1	Residential	7,838,814,977	(1,033)	0.000	0.000	0.000	0.072	0.000	0.000	(0.961)	0.416	(0.545)
2	Small Comm.	1,952,653,565	0.891	0.000	0.005	0.000	0.015	0.000	0.000	0.911	(0.301)	0.610
3	Med & Lt C&I	10,580,865,566	0.581	(0.017)	0.000	0.000	(0.053)	0.000	0.000	0.511	(0.109)	0.401
4	Agriculture ⁴	321,531,152	(1,395)	0.111	(0.097)	0.000	(0.100)	0.000	0.000	(1.485)	(0.680)	(2,165)
5	Lighting	114,768,000	(0,276)	0.000	0.000	0.000	0.000	0.000	0.000	(0,276)	(1,191)	(1,469)
6	System Total	20,809,657,261	(0,004)	0.000	0.000	0.000	0.000	0.000	0.000	(0,004)	0.081	0,077

D: % Change from Current

Line No.	(A) Determinants (KWhr)	(B) Distribution ¹ Revenues (%)	(C) Transmission Revenues (%)	(D) Public Goods Revenues (%)	(E) Nuc Decom Revenues (%)	(F) On-Going CTC ^{2,3} Revenues (%)	(G) RS Revenues (%)	(H) TRAC Revenues (%)	(I) Total UDC Revenues (%)	(J) Commodity ^{2,3} Revenues (%)	(K) DVR-BC Revenues (%)	(L) Total Revenues (%)
1	Residential	-15.01%	0.00%	0.00%	0.00%	23.48%	0.00%	0.00%	-9.41%	6.11%	0.00%	-3.15%
2	Small Comm.	15.19%	0.00%	0.56%	0.00%	3.86%	0.00%	0.00%	9.71%	-3.99%	0.00%	3.50%
3	Med & Lt C&I	18.33%	-1.07%	0.00%	0.00%	-14.25%	0.00%	0.00%	8.73%	-1.46%	-0.22%	2.92%
4	Agriculture ⁴	-24.19%	5.06%	-11.70%	0.00%	-50.21%	13.79%	0.00%	-16.25%	-9.86%	-3.87%	-13.20%
5	Lighting	-3.84%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-3.06%	-20.66%	0.00%	-9.59%
6	System Total	-0.08%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-0.05%	1.13%	0.00%	0.50%

Assumptions:
 1. SDG&E Effective 11/1/12 is based on 11/1/12 Effective rates and authorized revenue requirements adjusted for 2012 test year sales
 2. The Settlement Agreement does not reflect the approval or acceptance of any one of the various Parties' marginal cost proposals. The development of the distribution base allocation factors use the following assumptions as reference:
 - 2.1 Distribution base revenue allocation factors reference 50% Rental as presented in SDG&E's rebuttal and 50% New Customer Only (NCO) as presented in a DRAS/SDCA/NFB joint proposal. Distribution base revenue is capped at 10% change from present for small commercial and 18.75% change from present for ML C&I.
 - Distribution base revenues exclude revenues associated with miscellaneous distribution programs such as California Solar Initiative, Self-Generation Incentive Program and Demand Response. The Settlement Agreement reflects no changes to the revenue allocation factors for miscellaneous distribution programs as proposed by SDG&E.
 3. Commodity revenue allocation factors are based on SDG&E's marginal capacity costs and SEIA's Marginal Energy Costs for commodity.
 4. Results reflect SDG&E's allocation factors based from ML C&I to Agricultural
 5. Allocated revenues in the settlement agreement exclude impacts of specific allocations requirements related to under/over-collections, specifically related to CPPD and DGR.

Class Average Revenue Allocation (%)

A: SDG&E Effective 1/1/2012¹

Line No.	(A) Determinants (KWhr)	(B) Distribution ^{2,1} Revenues (%)	(C) Transmission Revenues (%)	(D) Public Goods Revenues (%)	(E) Nuc Decom Revenues (%)	(F) On-Going CTC ^{2,3} Revenues (%)	(G) RS Revenues (%)	(H) TRAC Revenues (%)	(I) Total UDC Revenues (%)	(J) Commodity Revenues (%)	(K) DWR-BC Revenues (%)	(L) Total Revenues (%)	Line No.
1	Residential	7,838,814,977	39.4%	37.0%	37.7%	33.1%	38.1%	100.0%	50.1%	42.7%	35.2%	46.9%	1
2	Small Comm.	1,952,663,585	10.9%	11.7%	9.4%	11.2%	11.0%	0.0%	11.0%	11.7%	10.9%	11.3%	2
3	Med & Lt C&I	10,818,147,401	32.9%	47.8%	52.0%	55.3%	50.0%	0.0%	37.9%	44.5%	52.9%	41.1%	3
4	Agriculture	84,253,317	0.5%	0.5%	0.4%	0.4%	0.5%	0.0%	0.5%	0.5%	0.5%	0.5%	4
5	Lighting	114,788,000	0.8%	0.3%	0.6%	0.0%	0.4%	0.0%	0.5%	0.5%	0.5%	0.5%	5
6	System Total	20,008,667,261	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	6

B: Settlement without Change to CARE Rate Subsidy Allocation

Line No.	(A) Determinants (KWhr)	(B) Distribution ^{2,1} Revenues (%)	(C) Transmission Revenues (%)	(D) Public Goods Revenues (%)	(E) Nuc Decom Revenues (%)	(F) On-Going CTC ^{2,3} Revenues (%)	(G) RS Revenues (%)	(H) TRAC Revenues (%)	(I) Total UDC Revenues (%)	(J) Commodity ^{2,3} Revenues (%)	(K) DWR-BC Revenues (%)	(L) Total Revenues (%)	Line No.
1	Residential	7,838,814,977	47.2%	39.8%	37.7%	40.9%	38.1%	100.0%	45.5%	44.9%	35.2%	44.9%	1
2	Small Comm.	1,952,663,585	12.6%	11.7%	9.4%	11.6%	11.0%	0.0%	12.0%	11.1%	10.5%	11.5%	2
3	Med & Lt C&I	10,590,869,586	38.1%	49.5%	50.8%	48.8%	48.4%	0.0%	60.4%	42.1%	51.5%	41.4%	3
4	Agriculture ³	321,531,152	1.3%	1.5%	1.5%	1.0%	2.1%	0.0%	1.5%	1.5%	1.7%	1.5%	4
5	Lighting	114,788,000	0.8%	0.3%	0.6%	0.0%	0.4%	0.0%	0.6%	0.4%	0.6%	0.5%	5
6	System Total	20,008,667,261	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	6

C: % Difference from Current

Line No.	(A) Determinants (KWhr)	(B) Distribution ^{2,1} Revenues (%)	(C) Transmission Revenues (%)	(D) Public Goods Revenues (%)	(E) Nuc Decom Revenues (%)	(F) On-Going CTC ^{2,3} Revenues (%)	(G) RS Revenues (%)	(H) TRAC Revenues (%)	(I) Total UDC Revenues (%)	(J) Commodity ^{2,3} Revenues (%)	(K) DWR-BC Revenues (%)	(L) Total Revenues (%)	Line No.
1	Residential	7,838,814,977	-7.7%	0.0%	0.0%	7.8%	0.0%	0.0%	-4.5%	2.1%	0.0%	-1.7%	1
2	Small Comm.	1,952,663,585	1.7%	0.0%	0.0%	0.4%	0.0%	0.0%	1.1%	-0.8%	0.0%	0.4%	2
3	Med & Lt C&I	10,590,869,586	5.2%	-1.5%	-1.1%	-8.9%	-1.6%	0.0%	2.5%	-2.5%	-1.3%	0.3%	3
4	Agriculture ³	321,531,152	0.9%	1.5%	1.1%	0.6%	1.6%	0.0%	1.0%	1.1%	1.3%	1.0%	4
5	Lighting	114,788,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.0%	-0.1%	5
6	System Total	20,008,667,261	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6

Assumptions:
 1. SDG&E Effective 1/1/12 is based on 1/1/12 Effective rates and authorized revenue requirements adjusted for 2012 test year sales
 2. The Settlement Agreement does not reflect the approval or acceptance of any one of the various Parties' marginal cost proposals. The development of the distribution base allocation factors use the following assumptions as reference:
 2.1. Distribution base revenue allocation factors reference 50% Rental as presented in SDG&E's rebuttal and 50% New Customer Only (NCO) as presented in a DRA/SDCANFB joint proposal. Distribution base revenue is capped at 10% change from present for small commercial and 18.75% change from present for ML C&I.
 Distribution base revenues exclude revenues associated with miscellaneous distribution programs such as California Solar Initiative, Self-Generation Incentive Program and Demand Response. The Settlement Agreement reflects no change to the revenue allocation factors for miscellaneous distribution programs as proposed by SDG&E.
 2.2. Commodity revenue allocation factors based on SDG&E's marginal capacity costs and SEIA's Marginal Energy Costs for commodity.
 2.3. CTC allocation as proposed by SDG&E
 3. Results reflect Schedule PA-1 moved from ML C&I to Agricultural
 4. Allocator revenues in the settlement agreement exclude impacts of specific allocations requirements related to under/over-collections, specifically related to CPPD and DGR.

Class Average Rate Revenues Summary (\$)

A: SDG&E Effective 1/1/2012¹

Line No.	(A) Determinants (KW/hr)	(B) Distribution Revenues (\$)	(C) Transmission Revenues (\$)	(D) Public Goods Revenues (\$)	(E) Nuc Decom Revenues (\$)	(F) On-Going CTC Revenues (\$)	(G) RS Revenues (\$)	(H) TRAC Revenues (\$)	(I) Total UDC Revenues (\$)	(J) Commodity Revenues (\$)	(K) DWR-BC Revenues (\$)	(L) Total Revenues (\$)	Line No.
1	Residential	7,838,814,977	590,237,876	142,274,492	3,448,079	24,038,428	(1,959,704)	37,933,252	85,108,090	532,433,075	32,563,212	1,416,076,378	1
2	Small Comm.	1,952,863,565	117,543,732	42,860,965	899,172	8,146,980	(568,272)	0	186,233,584	146,030,018	9,968,993	342,232,595	2
3	Med & Lt C&I	10,818,147,401	353,764,910	172,442,775	75,510,669	40,241,470	(2,589,193)	0	644,150,615	554,766,024	48,912,606	1,347,829,245	3
4	Agriculture	84,253,317	4,883,910	1,849,360	698,460	278,878	(24,433)	0	7,723,247	5,621,088	435,341	13,779,876	4
5	Lighting	114,788,000	8,918,724	1,235,119	397,166	0	(18,366)	0	10,583,150	6,610,575	568,740	17,762,464	5
6	System Total	20,808,657,261	1,075,348,952	360,562,711	149,089,192	9,155,814	(5,137,969)	37,933,252	1,899,770,887	1,245,460,780	92,468,892	3,037,700,358	6

B: Settlement with Change to CARE Rate Subsidy Allocation

Line No.	(A) Determinants (KW/hr)	(B) Distribution ¹ Revenues (\$)	(C) Transmission Revenues (\$)	(D) Public Goods Revenues (\$)	(E) Nuc Decom Revenues (\$)	(F) On-Going CTC ^{2,3} Revenues (\$)	(G) RS Revenues (\$)	(H) TRAC Revenues (\$)	(I) Total UDC Revenues (\$)	(J) Commodity ^{2,3} Revenues (\$)	(K) DWR-BC Revenues (\$)	(L) Total Revenues (\$)	Line No.
1	Residential	7,838,814,977	507,716,906	142,274,492	3,448,079	29,730,449	(1,959,704)	15,291,285	759,920,641	564,965,330	32,563,212	1,357,348,184	1
2	Small Comm.	1,952,863,565	135,372,116	42,860,965	899,172	8,442,535	(568,272)	0	208,631,838	140,185,716	9,968,993	366,766,546	2
3	Med & Lt C&I	10,580,869,566	409,268,892	168,877,361	85,705,043	33,792,590	(2,488,064)	0	687,811,195	530,021,629	47,750,976	1,275,563,800	3
4	Agriculture ³	321,531,152	14,398,752	7,414,774	141,474	745,171	(105,562)	0	25,305,383	19,147,070	1,696,971	46,048,424	4
5	Lighting	114,788,000	8,594,466	1,235,119	397,166	0	(18,366)	0	10,558,912	5,245,329	588,740	16,092,981	5
6	System Total	20,808,657,261	1,075,348,952	389,882,711	170,809,441	72,709,735	(5,137,969)	15,291,285	1,699,827,969	1,259,565,073	92,468,892	3,051,661,934	6

C: \$ Change from Current

Line No.	(A) Determinants (KW/hr)	(B) Distribution ¹ Revenues (\$)	(C) Transmission Revenues (\$)	(D) Public Goods Revenues (\$)	(E) Nuc Decom Revenues (\$)	(F) On-Going CTC ^{2,3} Revenues (\$)	(G) RS Revenues (\$)	(H) TRAC Revenues (\$)	(I) Total UDC Revenues (\$)	(J) Commodity ^{2,3} Revenues (\$)	(K) DWR-BC Revenues (\$)	(L) Total Revenues (\$)	Line No.
1	Residential	7,838,814,977	(82,520,770)	0	7,221,268	0	5,692,023	0	(21,651,967)	32,532,255	0	(68,727,194)	1
2	Small Comm.	1,952,863,565	17,828,384	0	2,277,295	0	292,575	0	20,398,254	(5,844,302)	0	14,563,951	2
3	Med & Lt C&I	10,580,869,566	55,503,782	(5,585,413)	10,194,375	(104,402)	81,129	0	53,860,590	(24,744,395)	(1,161,830)	27,764,564	3
4	Agriculture ³	321,531,152	9,512,842	5,585,413	2,016,314	104,402	(81,129)	0	17,982,136	13,525,982	1,161,630	32,269,748	4
5	Lighting	114,788,000	(324,238)	0	0	0	0	0	(324,238)	(1,365,246)	0	(1,689,484)	5
6	System Total	20,808,657,261	0	0	21,709,249	0	0	0	(21,651,967)	57,282	0	14,191,576	6

D: % Change from Current

Line No.	(A) Determinants (KW/hr)	(B) Distribution ¹ Revenues (%)	(C) Transmission Revenues (%)	(D) Public Goods Revenues (%)	(E) Nuc Decom Revenues (%)	(F) On-Going CTC ^{2,3} Revenues (%)	(G) RS Revenues (%)	(H) TRAC Revenues (%)	(I) Total UDC Revenues (%)	(J) Commodity ^{2,3} Revenues (%)	(K) DWR-BC Revenues (%)	(L) Total Revenues (%)	Line No.
1	Residential	-13.98%	0.00%	0.00%	13.10%	0.00%	23.68%	-57.08%	-10.72%	6.11%	0.00%	-4.15%	1
2	Small Comm.	15.17%	0.00%	0.00%	13.10%	0.00%	3.59%	0.00%	10.95%	-4.00%	0.00%	4.25%	2
3	Med & Lt C&I	15.69%	-3.23%	-13.50%	-2.19%	-16.03%	-3.16%	0.00%	8.33%	-4.48%	-2.37%	2.22%	3
4	Agriculture ³	194.78%	300.94%	285.65%	291.62%	166.49%	332.04%	0.00%	227.65%	240.63%	266.83%	234.16%	4
5	Lighting	-3.64%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-3.06%	-20.65%	0.00%	-9.50%	5
6	System Total	0.00%	0.00%	14.56%	0.00%	0.00%	-57.08%	0.00%	0.00%	1.13%	0.00%	0.47%	6

Assumptions:
 1. SDG&E Effective 1/1/12 is based on 1/1/12 Effective rates and authorized revenue requirements adjusted for 2012 test year sales.
 2. The Settlement Agreement does not reflect the approval or acceptance of any one of the various Parties' marginal cost proposals. The development of the distribution base allocation factors use the following assumptions as reference:
 2.1. Distribution base revenue allocation factors reference 50% Rental as presented in SDG&E's rebuttal and 50% New Customer Only (NCO) as presented in a DRA/SDC/NFB Joint Proposal. Distribution base revenue is capped at 10% change from present for small, commercial and 18.75% change from present for MIL C&I.
 2.2. Distribution base revenue allocation factors are based on SDG&E's marginal capacity costs and SEIA's Marginal Energy Costs for commodity.
 2.3. CTC allocation factors are based on SDG&E's marginal capacity costs and SEIA's Marginal Energy Costs for commodity.
 3. Results reflect Schedule PA-T-1 moved from MIL C&I to Agricultural.
 4. Allocated revenues in the settlement agreement exclude impacts of specific allocations requirements related to under/over-collectors, specifically related to CPPD and DGR.

Class Average Rates (cents/kWh)

A: SDG&E Effective 1/1/2012¹

Line No.	(A) Determinants (KWh)	(B) Distribution Revenues (cents/kWh)	(C) Transmission Revenues (cents/kWh)	(D) Public Goods Revenues (cents/kWh)	(E) Nuc Decom Revenues (cents/kWh)	(F) On-Going CTC ^{2,3} Revenues (cents/kWh)	(G) RS Revenues (cents/kWh)	(H) TRAC Revenues (cents/kWh)	(I) Total UDC Revenues (cents/kWh)	(J) Commodity Revenues (cents/kWh)	(K) DVR-BC Revenues (cents/kWh)	(L) Total Revenues (cents/kWh)
1 Residential	7,638,814,977	6.684	1.815	0.703	0.044	0.307	(0.025)	0.484	10.212	6.805	0.415	17.432
2 Small Comm.	1,982,663,585	5.667	2.195	0.890	0.044	0.417	(0.029)	0.000	9.384	7.538	0.511	17.433
3 Med & Lt C&I	10,816,147,401	3.170	1.594	0.698	0.044	0.372	(0.024)	0.000	5.854	7.441	0.452	13.747
4 Agriculture	84,253,317	5.767	2.195	0.829	0.044	0.331	(0.029)	0.000	9.137	6.889	0.517	16.552
5 Lighting	114,766,000	7.632	1.076	0.346	0.044	0.000	(0.016)	0.000	9.062	5.765	0.513	15.360
6 System Total	20,809,657,281	4.858	1.733	0.717	0.044	0.349	(0.025)	0.182	7.958	7.153	0.444	15.455

B: Settlement with Change to CARE Rate Subsidy Allocation

Line No.	(A) Determinants (KWh)	(B) Distribution ¹ Revenues (cents/kWh)	(C) Transmission Revenues (cents/kWh)	(D) Public Goods Revenues (cents/kWh)	(E) Nuc Decom Revenues (cents/kWh)	(F) On-Going CTC ^{2,3} Revenues (cents/kWh)	(G) RS Revenues (cents/kWh)	(H) TRAC Revenues (cents/kWh)	(I) Total UDC Revenues (cents/kWh)	(J) Commodity ^{2,2} Revenues (cents/kWh)	(K) DVR-BC Revenues (cents/kWh)	(L) Total Revenues (cents/kWh)
1 Residential	7,638,814,977	5.651	1.815	0.795	0.044	0.379	(0.025)	0.208	9.067	7.221	0.415	16.703
2 Small Comm.	1,982,663,585	5.758	2.195	1.007	0.044	0.432	(0.029)	0.000	10.407	7.237	0.511	18.166
3 Med & Lt C&I	10,816,147,401	3.751	1.577	0.810	0.044	0.319	(0.024)	0.000	6.477	7.332	0.451	14.260
4 Agriculture ⁴	321,531,152	4.372	2.306	0.844	0.044	0.231	(0.033)	0.000	7.764	6.218	0.497	14.479
5 Lighting	114,766,000	7.354	1.076	0.346	0.044	0.000	(0.016)	0.000	8.804	4.574	0.513	13.891
6 System Total	20,809,657,281	4.854	1.733	0.821	0.044	0.349	(0.025)	0.079	7.854	7.234	0.444	15.532

C: Cents/kWh Change from Current

Line No.	(A) Determinants (KWh)	(B) Distribution ¹ Revenues (cents/kWh)	(C) Transmission Revenues (cents/kWh)	(D) Public Goods Revenues (cents/kWh)	(E) Nuc Decom Revenues (cents/kWh)	(F) On-Going CTC ^{2,3} Revenues (cents/kWh)	(G) RS Revenues (cents/kWh)	(H) TRAC Revenues (cents/kWh)	(I) Total UDC Revenues (cents/kWh)	(J) Commodity ^{2,2} Revenues (cents/kWh)	(K) DVR-BC Revenues (cents/kWh)	(L) Total Revenues (cents/kWh)
1 Residential	7,638,814,977	(1.033)	0.000	0.092	0.000	0.072	0.000	(0.276)	(1.145)	0.416	0.000	(0.729)
2 Small Comm.	1,982,663,585	0.081	0.000	0.117	0.000	0.015	0.000	0.000	1.023	(0.301)	0.000	0.722
3 Med & Lt C&I	10,816,147,401	0.581	(0.017)	0.112	0.000	(0.053)	0.000	0.000	0.823	(0.109)	(0.001)	0.513
4 Agriculture ⁴	321,531,152	(1.395)	0.111	0.015	0.000	(0.100)	(0.004)	0.000	(1.373)	(0.680)	(0.020)	(2.073)
5 Lighting	114,766,000	(0.278)	0.000	0.000	0.000	0.000	0.000	0.000	(0.278)	(1.191)	0.000	(1.469)
6 System Total	20,809,657,281	(0.004)	0.000	0.104	0.000	0.000	(0.104)	0.081	(0.004)	0.081	0.000	0.077

D: % Change from Current

Line No.	(A) Determinants (KWh)	(B) Distribution ¹ Revenues (%)	(C) Transmission Revenues (%)	(D) Public Goods Revenues (%)	(E) Nuc Decom Revenues (%)	(F) On-Going CTC ^{2,3} Revenues (%)	(G) RS Revenues (%)	(H) TRAC Revenues (%)	(I) Total UDC Revenues (%)	(J) Commodity ^{2,2} Revenues (%)	(K) DVR-BC Revenues (%)	(L) Total Revenues (%)
1 Residential	7,638,814,977	-15.01%	0.00%	13.09%	0.00%	23.45%	0.00%	-57.02%	-11.21%	6.11%	0.00%	-4.18%
2 Small Comm.	1,982,663,585	15.19%	0.00%	13.15%	0.00%	3.80%	0.00%	0.00%	10.90%	-3.99%	0.00%	4.14%
3 Med & Lt C&I	10,816,147,401	18.33%	-1.07%	16.05%	0.00%	-14.25%	0.00%	0.00%	10.64%	-1.46%	-0.22%	3.73%
4 Agriculture ²	321,531,152	-24.19%	5.05%	1.81%	0.00%	-30.21%	13.79%	0.00%	-15.03%	-8.85%	-3.87%	-12.52%
5 Lighting	114,766,000	-3.84%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-3.06%	-20.66%	0.00%	-9.65%
6 System Total	20,809,657,281	-0.08%	0.00%	14.50%	0.00%	0.00%	0.00%	-57.14%	-0.95%	1.13%	0.00%	0.50%

Assumptions:
 1. SDG&E Effective 1/1/12 is based on 1/1/12 Effective rates and authorized revenue requirements adjusted for 2012 test year sales.
 2. The Settlement Agreement does not reflect the approval or acceptance of any one of the various Parties' marginal cost proposals. The development of the distribution base allocation factors use the following assumptions as reference:
 a. Distribution base revenue allocation factors reference 50% Retail as presented in SDG&E's retail and 50% New Customer Only (NCO) as presented in a DRA/SDC/NWP joint proposal. Distribution base revenue is capped at 10% change from present for small commercial and 18.75% change from present for ML C&I.
 b. Revenue allocation factors exclude revenue associated with miscellaneous distribution programs such as California Solar Initiative, Self-Generation Incentive Program and Demand Response. The Settlement Agreement reflects no change to the revenue allocation factors for these programs as proposed by SDG&E.
 3. Commodity revenue allocation factors based on SDG&E's marginal capacity costs and SEIA's Marginal Energy Costs for commodity.
 4. Results reflect Schedule PA-1 moved from ML C&I to Agriculture.
 5. Allocated revenues in the settlement agreement exclude impacts of specific allocations requirements related to under/over-collections, specifically related to CPPD and DGR.

Class Average Revenue Allocation (%)

A: SDG&E Effective 11/1/2012¹

Line No.	(A) Determinants (KWhr)	(B) Distribution Revenues (%)	(C) Transmission Revenues (%)	(D) Public Goods Revenues (%)	(E) Nuc Decom Revenues (%)	(F) On-Going CTC Revenues (%)	(G) RS Revenues (%)	(H) TRAC Revenues (%)	(I) Total UDC Revenues (%)	(J) Commodity ^{2,3} Revenues (%)	(K) DWR-BC Revenues (%)	(L) Total Revenues (%)
1	Residential	7,838,814,977	38.4%	37.0%	37.7%	33.1%	38.1%	100.0%	50.1%	42.7%	35.2%	46.6%
2	Small Comm.	1,952,665,565	10.9%	11.7%	9.4%	11.2%	11.0%	0.0%	11.0%	11.7%	10.8%	11.3%
3	Med & Lt C&I	10,818,147,401	32.9%	47.8%	50.8%	55.3%	50.0%	0.0%	37.8%	44.5%	52.8%	41.1%
4	Agriculture	84,253,317	0.5%	0.5%	0.4%	0.4%	0.5%	0.0%	0.5%	0.5%	0.5%	0.5%
5	Lighting	114,788,000	0.8%	0.3%	0.8%	0.0%	0.4%	0.0%	0.8%	0.5%	0.8%	0.6%
6	System Total	20,809,657,251	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

B: Settlement with Change to CARE Rate Subsidy Allocation

Line No.	(A) Determinants (KWhr)	(B) Distribution ^{3,1} Revenues (%)	(C) Transmission Revenues (%)	(D) Public Goods Revenues (%)	(E) Nuc Decom Revenues (%)	(F) On-Going CTC ^{3,3} Revenues (%)	(G) RS Revenues (%)	(H) TRAC Revenues (%)	(I) Total UDC Revenues (%)	(J) Commodity ^{2,3} Revenues (%)	(K) DWR-BC Revenues (%)	(L) Total Revenues (%)
1	Residential	7,838,814,977	47.2%	39.4%	36.5%	37.7%	40.9%	38.1%	100.0%	44.7%	44.9%	44.5%
2	Small Comm.	1,952,665,565	12.6%	11.9%	11.5%	9.4%	11.8%	11.0%	0.0%	12.2%	11.1%	11.7%
3	Med & Lt C&I	10,818,869,568	38.1%	46.3%	50.2%	50.8%	48.4%	0.0%	41.1%	42.1%	51.8%	41.8%
4	Agriculture ³	321,531,152	1.3%	2.1%	1.8%	1.5%	2.1%	0.0%	1.5%	1.5%	1.7%	1.5%
5	Lighting	114,788,000	0.8%	0.3%	0.8%	0.6%	0.4%	0.0%	0.6%	0.6%	0.6%	0.5%
6	System Total	20,809,657,251	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

C: % Difference from Current

Line No.	(A) Determinants (KWhr)	(B) Distribution ^{3,1} Revenues (%)	(C) Transmission Revenues (%)	(D) Public Goods Revenues (%)	(E) Nuc Decom Revenues (%)	(F) On-Going CTC ^{3,3} Revenues (%)	(G) RS Revenues (%)	(H) TRAC Revenues (%)	(I) Total UDC Revenues (%)	(J) Commodity ^{2,3} Revenues (%)	(K) DWR-BC Revenues (%)	(L) Total Revenues (%)
1	Residential	7,838,814,977	-7.7%	0.0%	-0.5%	0.0%	7.8%	0.0%	-5.4%	2.1%	0.0%	-2.1%
2	Small Comm.	1,952,665,565	1.7%	0.0%	-0.1%	0.0%	0.4%	0.0%	1.2%	-0.6%	0.0%	0.4%
3	Med & Lt C&I	10,818,869,568	5.2%	-1.5%	-0.5%	-1.1%	-8.9%	0.0%	3.2%	-2.5%	-1.3%	0.7%
4	Agriculture ³	321,531,152	0.9%	1.5%	1.1%	1.1%	0.8%	1.8%	1.0%	1.1%	1.3%	1.1%
5	Lighting	114,788,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.0%	-0.1%
6	System Total	20,809,657,251	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Assumptions:
 1. SDG&E Effective 11/1/12 is based on 11/12 Effective rates and authorized revenue requirements adjusted for 2012 test year sales.
 2. The Settlement Agreement does not reflect the approval or acceptance of any one of the various Parties' marginal cost proposals. The development of the distribution base allocation factors use the following assumptions as reference:
 2.1 Distribution base revenue allocation factors reference 50% Rental as presented in SDG&E's rebuttal and 50% New Customer Only (NCO) as presented in a DRA/SDCAN/FB joint proposal. Distribution base revenue is capped at 10% change from present for small commercial and 18.75% change from present for M/L C&I.
 Distribution base revenues exclude revenues associated with miscellaneous distribution programs such as California Solar Initiative, Self-Generation Incentive Program and Demand Response. The Settlement Agreement reflects no change to the revenue allocation factors for miscellaneous distribution programs as proposed by SDG&E.
 2.2 Commodity revenue allocation factors based on SDG&E's marginal capacity costs and SEI/A's Marginal Energy Costs for commodity.
 2.3 CTC allocation as proposed by SDG&E.
 3. Results reflect Schedule P-A-T-1 moved from M/L C&I to Agricultural.
 4. Allocated revenues in the settlement agreement exclude impacts of specific allocations requirements related to under/over-collections, specifically related to CPPD and DGR.

Appendix B

Issues Related to Partial Settlement

Issue	SDG&E Proposed	SDG&E Rebuttal	DRA	SDCAN	CAL-SIA	City of CV	City of SD	SEIA	CFBF	FEA	SETTLEMENT
Revenue Allocation											
Distribution Base Revenues	Factors allocating to customer classes updated to reflect distribution cost studies	Factors allocating to customer classes updated to reflect distribution cost studies with caps to Small Commercial of 10% and M/L of 15% from current for distribution base.	Factors allocating to customer classes reflect DRA's adjustments to marginal customer costs. DRA advocates new hook-up method as well as revising customer service costs based on cost of meter for each customer class.	Due to substantial modifications to marginal customer costs, SDCAN proposes a reduction to residential distribution charges of almost 18% relative to current rates. SDG&E "overshot" in the last case -- particularly to remove costs in accounts 307-310 that were made a mistake in its own customer demand weighting for services for the year 2009. SDG&E's formula for 2009 improperly used 2005 estimates of plant for accounts 364, 365, 366, and 367, while using 2009 estimates of plant for Accounts 369.1 and 369.2, thus overstating the customer component in its five year average. Additional adjustments were made for customer service and information costs, revenue offsets and meter reading costs.	CAL-SIA finds both the SDG&E and DRA distribution revenue allocation proposals to be reasonable.	No specific recommendation			Accept SDG&E's original filed studies for distribution, NCO for customer costs, distribution cost studies with caps to Small Commercial of 10% and M/L of 15% from current for distribution base.	Factors allocating to customer classes updated to reflect distribution cost studies with caps to Small Commercial of 10% and M/L of 15% from current for distribution base.	Distribution allocations factors used the reference of 50% rental as presented in SDG&E's rebuttal and 50% NCO as presented in DRA/SDCAN/FB strawman. Dit Base Revenue capped % Allocation at 10% and M/L C&I at 18.75%
Commodity	Factors allocating to customer classes updated to reflect commodity cost studies. Marginal generation capacity cost of \$120 per kw-year. Marginal commodity cost details in Chapter 5 testimony		Factors allocating to customer classes reflect DRA's marginal generation capacity at short-term surplus but add a 13% reserve margin capacity ancillary service adder	The timing of need for capacity should be considered when establishing marginal capacity costs.	CAL-SIA finds both the SDG&E and DRA commodity revenue allocation proposals to be reasonable.	No specific recommendation		Updated marginal energy costs and marginal generation capacity costs to reflect more recent market data and a more transparent methodology. Marginal generation capacity costs of \$157 per kw-year.	Support DRA's discount of capacity costs. SDG&E's production cost modeling by time period	No Position	Commodity/revenue allocations based on SDG&E's Marginal Capacity Costs and S&P's Marginal Energy Costs for commodity
CTC	Factors allocating to customer classes updated to reflect recent top 100 load data		Same as SDG&E	No specific recommendations		No specific recommendation				Factors allocating to customer classes updated to reflect more recent top 100 load data	As proposed by SDG&E
Other	No change proposed			No specific recommendations	The A-TC rate schedule has lower marginal customer costs than the average small commercial customer and should be used for revenue allocation purposes; street light facilities charges should be defined as non-allocated revenue and excluded from revenue allocation.	No specific recommendation					SDG&E will consider Schedule A-TC as a separate customer class for revenue allocation purposes in the next general rate case. Further addressed in Small Commercial Schedule A-TC Rate Design
Demand Response	No change proposed		Use generation revenue allocator	Use generation revenue allocator		No specific recommendation			generation allocator	No change proposed	No change from current, as proposed by SDG&E
Energy Efficiency	No change proposed		Use generation revenue allocator	Use generation revenue allocator		No specific recommendation			equal cents per kWh	No change proposed	No change from current, as proposed by SDG&E
CARE Rate Design Subsidies	No change proposed	Allocated based on equal cents/kWh to all customer classes				No specific recommendation				No change proposed	Unresolved at this time

Issues Related to Partial Settlement

Issue	SDG&E Proposed	SDG&E Rebuttal	DRA	SDCAN	CAL-SIA	City of CV	City of SD	SEIA	CFBF	FEA	SETTLEMENT
Small Commercial											
Basic Service Fee (BSF)	Increase 50% from present in 2013 and increase 100% from present in 2014		Four tier charges based on customer demand (range from \$9.56 to \$97.54)	SDCAN splits the small commercial customer class into three groups differentiated by maximum annual demand and to establish separate customer charges for each of these groups based on their marginal customer cost responsibility. This reduces an intraclass cross-subsidy with the lowest-usage customers subsidizing the fixed fees of the highest-usage customers.	CAL-SIA supports DRA's proposal for a demand differentiated basic service fee. CAL-SIA supports DRA's proposal to set the basic service fee for the lowest demand tier (0 to 12 kW) at the current price and to raise the basic service fee for tier 13 to 25 kW at 115% of the current basic service fee.	Transitioning from a volumetric rate design to one with more fixed customer charges will provide a more stable price signal for energy conservation.	City of San Diego supports SDCAN's proposal regarding basic service fees.				See below for specific rate schedule settlement information
Schedule A	Increase 50% from present in 2013 and increase 100% from present in 2014	Demand Differentiated Basic Service Fee	Same as above	Basic Service Fee lowered for low-consumption customers and raised for high-consumption customers.		Same as above and Chula Vista is especially concerned about the disproportionate impact to low-demand commercial customers (-\$KW) from the proposed increased monthly service fees.	Basic Service Fee lowered for low-consumption customers and raised for high-consumption customers.				Demand differentiated BSF as follows: 0- KW: \$7.00 5-20KW: \$12.00 20-50KW: \$20.00 50+KW: \$50.00
Schedule ATC	Increase 50% from present in 2013 and increase 100% from present in 2014	No Change from current \$9.56	Same as above			Same as above and Chula Vista is especially concerned about the disproportionate impact to low-demand traffic signal accounts from the proposed increased monthly service fees.					Demand differentiated BSF as follows: 0-5 KW: \$7.00 5+ KW: \$12.00
Schedule ATOU	Increase 50% from present in 2013 and increase 100% from present in 2014		SDG&E should propose a new TOU with mid-time differentiation			No specific recommendation					As proposed by SDG&E
Schedule ATC - Other	Distribution energy rate at 55% of small commercial to mitigate impacts from current legacy subsidy				CAL-SIA agrees with SDG&E that traffic signals should not automatically be assigned to a TOU rate schedule but should remain on the A-TC schedule.	No specific recommendation					Commodity: annual average rate (no seasonal differentiation) set at 70% Distribution energy rate: recovery of distribution demand only

Issues Related to Partial Settlement

Issue	SDG&E Proposed	SDG&E Rebuttal	DRA	SDCAN	CAL-SIA	City of CV	City of SD	SEIA	CFBF	FEA	SETTLEMENT
Rate Design											
Medium and Large Commercial and Industrial (M/LC&I)											
Basic Service Fee	Increase 50% from present in 2013 and increase 100% from present in 2014	Hold the current BSF levels for customers in the SS, PS, and A6 classes for customers below 500 kW and between 500 kW and 12 MW				Transitioning from a volumetric rate design to a demand-based design, customer charges will provide a disincentive for energy conservation.					As proposed by SDG&E
Non-Coincident Demand (NCD) Charges	Shift to 100% non-coincident demand for distribution demand recovery.					Eliminate non-coincident distribution demand charges to provide proper incentives for customers to pursue preferred policy resources such as energy efficiency and behind-the-meter renewable resources.					Unresolved at this time
Schedule DG-R	In addition to other C&I proposals, distribution NCD set at 50% of OAT (AL-TOU) distribution demand charge					Reject proposed increases in demand charges for DG-R in order to provide proper incentives for development of behind-the-meter renewable resources. Adopt City of San Diego's proposed rate design to move distribution charges from non-coincident demand charge to variable distribution charge.					Unresolved at this time
Schedule PAT1	Distribution NCD to apply to OP and SP, not OF					No specific recommendation	PA-T-1 should be reclassified to the Agricultural class, if this does not occur, implement bill limiters on PA-T-1 customers to reduce extreme rate increases		No time-invariant demand charge. Retain peak association of demand charges		Reclass as Agricultural, accept rate design as proposed by SDG&E
Schedule A6		Recovery of CTC and Misc Dist through NCD		Recognizes the need for some rate caps to prevent overly large increases for C&I customers. However, when considering caps, SDCAN considers the total rate changes (given that commodity and CTC allocations are increasing for residential and decreasing for large customers, and impacts both in percentage terms and in cents per kWh.		No specific recommendation				CTC and Misc Dist for AL and A6 should be recovered on an equal percent increase/decrease from current components	As proposed by SDG&E
Schedule AL-TOU Service voltage levels Sec Substation (SS), PI Substation (PS), Transmission (T)						No specific recommendation				Hold the current BSF levels for customers on SS and PS service for customers below 500 kW and 12 MW	CTC and Misc Distribution recovery consistent with A6

Issues Related to Partial Settlement

Issue	SDG&E Proposed	SDG&E Rebuttal	DRA	SDCAN	CAL-SIA	City of CV	City of SD	SEIA	CFBF	FEA	SETTLEMENT
Rate Design											
Agricultural											
Schedule PA	Basic Service Fee: Increase 6% from present in 2013 and increase 10% from present in 2014	Basic Service Fee: Modified such that <20 KW increase 5% from present in 2013 and increase 5 further 25% from present in 2014				No specific recommendation			Basic Service Fee: Increase 25% from present in 2013 and remain at that level through the rate books. Single rate for all agriculture < 500 KW. No demand charge. No time-invariant demand charge.		Basic Service Fee: <20KW increase 25% from present in 2013 and remain the same in 2014 >20 KW increase 30% from present in 2013 and remain the same in 2014 Study – in the next GRC P2 SDG&E will examine the split of the newly defined Agricultural class based on: <20KW; 20-500KW; >500KW
Other											Undergrounding -- SDG&E agree to have early and direct contact and coordinate with other agencies consistent with CFBF's testimony.

Issues Related to Partial Settlement

Issue	SDG&E Proposed	SDG&E Rebuttal	DRA	SDCAN	CAL-SIA	City of CV	City of SD	SEIA	CFBF	FEA	SETTLEMENT
Dynamic Pricing											
Residential	Consistent with SDG&E's pending Motion for Adoption of Joint Settlement Agreement in A.10-07-009. Modified to reflect updated commodity cost studies.			SDCAN made a number of recommendations regarding dynamic pricing that would facilitate better demand response, including: Summer on-peak rates should be higher periods. Semi-peak rates should be set high enough and address those peaks to reduce the cost of Semi-peak rates should be set high enough to reduce the cost of free-ridership by residential customers who are away from home and by businesses that are not open during the on-peak period.							PSW and TOU updated to reflect revenue allocations and modified adder and TOU differentials.
Small Commercial	Consistent with SDG&E's pending Motion for Adoption of Joint Settlement Agreement in A.10-07-009. Modified to increase the PSW event day adder to 75% of capacity costs to provide customers with greater potential benefits to encourage opting in.			SDG&E's proposal to reduce the number of time-of-use (TOU) periods for small commercial customers from three to two should be rejected. SDCAN also suggests reducing the PSW adders is one way to contain potential revenue shortfalls caused by free ridership.							Adoption of SDG&E adder. Move from 2 TOU periods to 3 (On/Semi/Off) and updated to reflect Agreement revenue allocations and modified TOU differentials. Lower TOU differentials in the event of mandatory TOU.
Agricultural	<20 KW structure consistent with Small Commercial >20 KW structure consistent with M/J, C&I Separate in the future and add to maintain updated Agriculture revenue allocation.	Modify commodity demand charge proposal for >20KW customers to recover 25% rather than 50% of capacity costs at the time of peak demand class, noting that this change will also result in a reduction to the CPP-D adder for this customer group.									Time Periods to remain consistent with Small Commercial PSW for under 20 KW (3 TOU periods). Movement of the capacity factor for the determination of marginal commodity cost to be determined through the cost modify peak demand charge from the 50% in direct testimony and 25% presented in rebuttal to 20%.

Issues Related to Partial Settlement

Issue	SDG&E Proposed	SDG&E Rebuttal	DRA	SDCAN	CAL-SJA	City of CV	City of SD	SEIA	CFBF	FEA	SETTLEMENT
Streetlighting											
Facilities Charges	SDG&E conducted a street light distribution study and assigns a \$4.6 million revenue requirement to street light facilities charges				SDG&E revenue requirement for street light facilities charges is reasonable						As proposed by SDG&E
Series Street Lighting	Series street lights should have a separate rate to better reflect cost of service.				SDG&E's street light rate design proposals is reasonable						As proposed by SDG&E
Reactor Ballast Reduction Rates	Reactor ballast street lights should have a separate rate to simplify customer billing				SDG&E's street light rate design proposals is reasonable as there would be no difference in cost for customers						As proposed by SDG&E
Residential Walkway Lighting (Schedule DWL Applicability)	Decrease the minimum charge of the DWL Schedule.				The changes provide revenue decreases to DWL customers and are supported by CAL-SJA.						As proposed by SDG&E
Schedule LS-3 Minimum Charge and Schedule OL-2 Basic Service Fee	Increase the LS-3 minimum charge of \$6.32 per month (current) to \$7.58 and to increase the OL-2 basic service fee of \$5.56 per month to \$11.47 per month to move towards more cost-based recovery.				SDG&E's street light rate design proposals are reasonable						As proposed by SDG&E
Safety and Security Lighting	Expand the applicability of the OL-2 and OL-TOU rate schedules to allow for minor incidental load controlled for dusk to dawn.				Supports SDG&E's safety and security lighting proposal. These changes would allow more load to be included under the OL-2 and OL-TOU rate schedules.						As proposed by SDG&E

Attachment A Appendix B - Comparison Exhibit

Issue	SDG&E Proposed	SDG&E Rebuttal	DRA	SDCAN	CAL-SIA	City of CV	City of SD	SEIA	CFBF	FEA	SETTLEMENT
Marginal Cost											
Commodity Marginal Capacity and Energy Costs	As filed in Chapter 5 testimony			The timing of need for capacity should be considered when establishing marginal capacity costs						No Position	The Settlement Agreement does not reflect the approval or acceptance of any one of the various Parties' marginal cost proposals.
Distribution Marginal Cost Methodology	Marginal customer costs; Rental. Distribution demand costs; NEBA			SDCAN uses the One-Time Hookup Cost (OTHIC) or New Customer Only (NCO) method. To calculate marginal customer costs instead of SDG&E's rental method.						FEA supports the Rental Methodology	The Settlement Agreement does not reflect the approval or acceptance of any one of the various Parties' marginal cost proposals.