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

Application of San Diego Gas & Electric
Company (U 902 M) for Authority, Among
Other Things, to Increase Rates and Charges
for Electric and Gas Service Effective on
January 1, 2016.

A.14-11-003
(Filed November 14, 2014)

**PROTEST OF UTILITY CONSUMERS' ACTION NETWORK (UCAN) OF THE
GENERAL RATE CASE APPLICATION OF SAN DIEGO GAS & ELECTRIC
COMPANY**

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December 15, 2014

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I. INTRODUCTION

Pursuant to Rule 2.6 of the Commission's Rules of Practice and Procedure, UCAN submits this protest to the application of San Diego Gas & Electric Company (SDG&E) seeking to increase their base revenue requirement. On November 18, 2014, notice of these applications first appeared on the Commission's Daily Calendar. UCAN's protest is timely filed within 30 days of that notice.

SDG&E's application states that the requested combined gas and electric revenue requirement for the 2016 test year is \$1.911 billion which would be an increase of \$133 million dollars over 2015 estimated revenue requirement; a 7% increase. The application then projects that the 2016 system average electric rate, as compared to 2015, will decline slightly (-0.5%). The application further projects that the 2016 system average gas rate revenue will decline slightly (-0.7%).

UCAN believes that SDG&E's request may be higher than warranted and certainly requires further investigation. UCAN believes it is particularly important during this General

Rate Case (GRC) cycle to consider SDG&E's requests in the context of the ratepayer impacts resulting from the shutdown of the San Onofre Nuclear Generating Station (SONGS). With the shutdown of SONGS, SDG&E has removed \$160 million in SONGS-related costs from rate base.¹ This should have resulted in a reduction in GRC revenue requirements (offset by increases to Energy Resource Recovery Account (ERRA) costs to cover SONGS replacement power costs). Instead, SDG&E proposes an increase to the GRC revenue requirement. UCAN intends to scrutinize the instant applications to ensure that these offsets occur and that all other cost requests are just and reasonable.

In this application SDG&E is seeking \$133 million dollars more in their 2016 revenue requirement than their estimated amount for 2015. While SDG&E foresees a year-over-year 0.5% decrease in 2016 electric rates, this decrease is based on projected changes to SDG&E's revenue requirement from rate elements unrelated to the GRC, and this projected decrease may or may not be realized depending on changes to natural gas prices and power procurement costs, on Commission approval of other SDG&E revenue requests,² and on other revenue changes that may take place over the next two years. From a ratepayer's perspective, SDG&E's proposal is requesting an increase in the revenue requirement by \$133 million; SDG&E then forecasts that there will be a decrease in electric rates by just 0.5% in 2016 by assuming no other revenue is to be recovered that SDG&E did not expect when they filed this application.

UCAN would also note that in SDG&E's application they show a gas rate increase of 0.7% when comparing 2014 to 2016 rates.³

II. GROUNDS FOR PROTEST

UCAN has numerous concerns about the application that we plan to address in these proceedings, including that the requested increase in base revenue requirements may be excessive and without merit.

UCAN is only in the very preliminary stage of reviewing and analyzing the applications and work papers. However, UCAN expects to present evidence in prepared testimony and in

¹ SDG&E application, Exhibit SDG&E-36, page KN-A-6.

² One example of potential revenue not included in SDG&E's 2016 rate projections is SDG&E's request to have ratepayers fund a \$102 million dollar pilot to install electric vehicle charging stations in SDG&E service territory, see A.14-04-014.

³ See SDG&E application at pg 13, Table 4.

evidentiary hearings that will show that SDG&E has failed to meet its burden for demonstrating the reasonableness of their request. Specific areas of SDG&E's application in which UCAN intends to further investigate are:

1. Reasonableness of key cost drivers, including the utilities' forecasts for growth in new customers and overall sales, capital expenditures and certain accounting methods SDG&E is proposing to use for depreciation and amortization.
2. Ensuring shareholders bear the burden of costs that are appropriately shareholders' responsibilities. UCAN intends to review the applications to ensure that no requested costs incurred for the benefit of shareholders are put into ratepayers' cost categories.
3. UCAN will analyze new project cost requests for necessity and reasonableness. In particular, UCAN may focus upon post-test year capital additions that add significantly to the electric revenue requirements in the post-test years.
4. UCAN will review increases in existing cost categories for any over-inflated increases, such as using O&M escalation factors that are higher than historic increases.
5. UCAN will review the risk-sharing between ratepayers and shareholders. SDG&E is making several recommendations that appear to have the effect of shifting risk from shareholders to ratepayers or creating the potential of future cost burdens for ratepayers.

III. PROCEDURAL MATTERS

In Resolution ALJ 176-3346 (November 20, 2014), the Commission preliminarily determined that this application should be categorized as "ratesetting" and that evidentiary hearings will be necessary. UCAN concurs with this assessment. UCAN intends to actively participate in all aspects of this application, including attending all prehearing conferences, offering prepared testimony, participating in evidentiary hearings, writing briefs, and offering comments on any proposed decision.

SDG&E's application includes a proposed schedule under which intervenor testimony would be served in March 2015. While UCAN understands SDG&E's desire for a quick

resolution of this proceeding, the Commission must weigh this against the need to give all intervenors an appropriate amount of time to review and analyze the applications. The applications are both broad in scope and detailed, and based on UCAN's previous experience with GRCs, intervenors will need more time than SDG&E proposes to prepare their testimony. UCAN respectfully asks that the Commission carefully weigh the competing needs and interests of all parties in establishing the schedule for this proceeding.

UCAN also recommends that ORA testimony be served one month before intervenor testimony in order to allow for more efficient coordination of testimonies among parties and that in any event, intervenor testimony be served no earlier than mid-June. This schedule will allow for a more thoughtful and thorough examination of the issues to be examined in this application.

IV. EFFECT OF THE APPLICATION ON THE PROTESTANT

The instant application affects the interests of SDG&E's residential and small commercial ratepayers. UCAN is a non-profit consumer advocacy organization whose articles of incorporation and bylaws authorize our representation of the interests of residential and small commercial customers. UCAN has a long history of representing the interests of these SDG&E customers before this Commission.

V. NEED FOR EVIDENTIARY HEARINGS

The application put forward by SDG&E will require evidentiary hearings.

VI. SCHEDULE

UCAN believes that the schedule proposed by SDG&E is unnecessarily restrictive to allow for a thorough examination of the important issues raised in this application. UCAN believes that more time is needed and requests that the Commission extend the time for this proceeding from what SDG&E has proposed.

SDG&E suggests:

November 14, 2014 Application filed
December 15, 2014 Protests due to Application

UCAN suggests:

November 14, 2014
December 18, 2014 – 30 days after
appearing on Daily Calendar

January 2015 Prehearing Conference	January Prehearing Conference
TBD Public Participation Hearings	Dates and number of PPHs TBD
February 2015 ORA Report served	ORA testimony mid-May or later
March 2015 Intervenor Testimony served	Intervenor testimony in mid-June
April 2015 SDG&E Rebuttal Testimony served	SDG&E rebuttal in mid-August
May/June 2015 Evidentiary Hearings	September evidentiary hearings
June/July 2015 Opening Briefs filed	Late October opening briefs
July 2015 Reply Briefs filed	Late November reply briefs
October/November 2015 Proposed Decision	February 2015 Proposed Decision

VII. COMMUNICATIONS FOR SERVICE

UCAN also asks to be placed on the service list as an active party, and for the purpose of receipt of all correspondence, UCAN’s representative shall be:

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VIII. CONCLUSION

Given SDG&E’s application UCAN anticipates a thorough examination of the issues, and looks forward to the proceedings.

Respectfully submitted,

/s/ Donald Kelly

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