

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



FILED
11-04-16
04:59 PM

Application of SAN DIEGO GAS & ELECTRIC)
COMPANY (U 902 E) For Authority To)
Update Marginal Costs, Cost Allocation,)
And Electric Rate Design.)
_____)

Application No. 15-04-012
(Filed April 13, 2015)

**JOINT MOTION TO ADOPT REVENUE ALLOCATION SETTLEMENT
AGREEMENT**

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November 4, 2016

TABLE OF CONTENTS

	Page
I. BACKGROUND	2
II. SUMMARY OF POSITIONS AND SETTLEMENT	3
A. Marginal Cost.....	3
B. Revenue Allocation.....	4
III. REQUEST FOR ADOPTION OF THE AGREEMENT	11
A. The Agreement is Reasonable in Light of the Record	11
B. The Agreement is Consistent with Law	12
C. The Agreement is in the Public Interest.....	12
1. The Agreement is a broad-based compromise supported by the testimony that will further administrative efficiency.....	12
2. The Agreement is a balance of interests based on agreed compromise and should be construed as a whole.	13
IV. CONCLUSION.....	14
 ATTACHMENT A: SETTLEMENT AGREEMENT	

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**JOINT MOTION TO ADOPT REVENUE ALLOCATION SETTLEMENT
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Pursuant to Rules 1.8, 11.1 and 12.1 *et seq.* of the Rules of Practice and Procedure of the California Public Utilities Commission (“CPUC” or “Commission”), San Diego Gas & Electric Company (“SDG&E”), the Office of Ratepayer Advocates (“ORA”), the Utility Consumers’ Action Network (“UCAN”), the California Farm Bureau Federation (“Farm Bureau”), the Federal Executive Agencies (“FEA”), the City of San Diego (“City of San Diego”) and the California City-County Street Light Association (“CAL-SLA”) (referenced to hereinafter collectively as “Settling Parties” or individually as “Party”) respectfully request that the Commission adopt and find reasonable the Revenue Allocation Settlement Agreement (“Agreement”) appended to this motion as Attachment A.¹

The Settling Parties have reached an agreement that resolves the revenue allocation issues that have been raised in this proceeding. 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 May 1, 2017.

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 Agreement. Section III demonstrates that the Agreement is reasonable in light of the whole

¹ Pursuant to Rule 1.8, the parties have authorized SDG&E to file this motion on their behalf.

record, consistent with law, and in the public interest, and that it should be adopted without modification.

I. BACKGROUND

This proceeding² was initiated by the filing of SDG&E's application on April 13, 2015, along with SDG&E's supporting prepared direct testimony, which, ultimately, was superseded by the filing of SDG&E's second-amended application and supporting direct testimony on February 9, 2016. The application presents the traditional elements of a GRC Phase 2 type proceeding: electric marginal costs, marginal cost revenue responsibility, revenue allocation and rate design.

Pursuant to the schedule set forth in the April 19, 2016 Scoping Memo and Ruling of Assigned Commissioner and Assigned Administrative Law Judge ("Scoping Memo"), ORA submitted its direct testimony on June 3, 2016 and intervenors submitted their direct testimony on July 5, 2016. UCAN served supplemental testimony on demand distribution allocation factors on July 29, 2016.³ SDG&E submitted its rebuttal testimony on August 30, 2016,⁴ and pursuant to ALJ McKinney's September 19, 2016 ruling, ORA and intervenors were provided with an opportunity to submit their own rebuttal on October 14, 2016.

On October 12, 2016, pursuant to Commission Rule 12.1(b), SDG&E served on all parties to this proceeding a notice of a settlement conference related to revenue allocation and other issues. As set forth in this notice, an initial settlement conference was held on October 20,

² This proceeding is Phase 2 of SDG&E's 2016 Test Year General Rate Case ("GRC"). SDG&E's GRC Phase 1 proceeding (A.14-11-003) established SDG&E's revenue requirement.

³ Administrative Law Judge ("ALJ") McKinney issued a ruling on July 21, 2016 that granted permission for UCAN to late-file opening testimony related to demand distribution allocation factors no later than August 2, 2016.

⁴ ALJ McKinney extended SDG&E's time to submit rebuttal to August 30, 2016 in an August 24, 2016 email ruling.

2016. Continuing discussions related to the potential settlement of issues in this proceeding occurred among the interested parties after the settlement conference.

II. SUMMARY OF POSITIONS AND SETTLEMENT

The Agreement resolves issues that have been raised with respect to revenue allocation. The Agreement, Attachment A hereto, is summarized below and in a comparison exhibit, Appendix A to the Agreement, which compares Settling Parties' positions on issues addressed by the Agreement and the manner in which the Agreement would resolve these issues.⁵

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 Agreement. This interest is evinced by the prepared testimony submitted by SDG&E and the Settling Parties on revenue allocation issues and the Settling Parties' steadfast engagement in ten (10) settlement conference calls over the course of two months before reaching an agreement in principle on these issues.

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

A. Marginal Cost

A number of issues were raised regarding the calculation and methodologies used to derive marginal distribution customer and demand costs and marginal generation capacity and energy costs, including the underlying time-of-use ("TOU") period definitions. The Settling Parties were able to agree on the allocation of SDG&E's revenue requirements among the

⁵ The Scoping Memo (at p. 6) states that: "With respect to any settlements in this proceeding, any settlement filing should include a comparison exhibit that, for each settled issue, shows SDG&E's current policy, SDG&E's proposal in this proceeding, the position of each party on the issue, and the final positions and/or numbers in the settlement."

customer classes, thereby making it unnecessary to resolve the parties' differences regarding marginal cost values and methodologies and TOU period definitions. Therefore, the Agreement does not reflect the approval or acceptance of any one of the parties' various' marginal cost or TOU proposals.⁶

B. Revenue Allocation

A number of issues were raised in prepared testimony regarding the allocation to SDG&E's customer classes of various Commission-authorized revenue requirements. Additionally, parties addressed 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.

In order to avoid further litigation and to mitigate potentially adverse impacts on any particular customer class, the Settling Parties have agreed on how to allocate SDG&E's Commission-authorized distribution, commodity, California Solar Initiative ("CSI"), Self-Generation Incentive Program ("SGIP), Public Purpose Program ("PPP"), Competition Transition Charge ("CTC") and Local Generation Charge ("LGC") revenue requirements. The Settling Parties established the basis for allocating these revenues through the consideration of elements from the testimony of a number of different parties. In this way, the Agreement represents a consolidation of the positions of all parties.

While allocation factors are determined on a rate component basis, in order to mitigate potentially adverse impacts on any particular customer class, the Settling Parties evaluated the allocation of SDG&E's revenues in the context of impacts to Total and Utility Distribution Company ("UDC") illustrative class average rates. The Settling Parties agreed to establish two

⁶ The Commission endorsed the validity of this approach when it approved a similar settlement in SDG&E's 2012 GRC Phase 2 proceeding. *See* D.14-01-002, p. 13 and p. 13, fn. 9.

caps on illustrative average rates that are discussed in more detail below, such that illustrative average UDC rates for each customer class increase by no more than 2.45% above the illustrative average system average UDC rate increase, and illustrative average total rates for each customer class increase by no more than 1.4% above the illustrative system average total rate increase.

The following tables illustrate the revenue allocation factors for each of these categories of costs agreed to by the Settling Parties and the illustrative average Total and UDC rates based on these revenue allocation factors:

Distribution Revenue Allocation Factors:

Table 1: Distribution Revenue Allocation Factors

	Current	SDG&E Rebuttal 2016	Settlement 2016*	SDG&E Rebuttal 2017	Settlement 2017*	SDG&E Rebuttal 2018	Settlement 2018*
Residential	47.58%	47.91%	46.01%	48.24%	45.15%	48.57%	44.20%
Small Commercial	12.67%	13.72%	15.46%	14.77%	15.61%	15.82%	15.78%
Medium/Large Commercial & Industrial	37.70%	36.33%	36.60%	34.97%	37.30%	33.60%	38.06%
Agricultural	1.33%	1.30%	1.26%	1.27%	1.28%	1.23%	1.31%
Streetlighting	0.72%	0.74%	0.67%	0.76%	0.66%	0.78%	0.65%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*Assumptions:

- (1) Settlement Distribution revenue allocation factors begin with: (1) SDG&E’s rebuttal position for distribution demand costs⁷ and (2) a 50%/50% average of SDG&E’s Rental calculation and SDG&E’s New Customer Only (“NCO”) calculation for marginal customer costs.⁸
- (2) These distribution allocation factors were then adjusted to allow for illustrative class average UDC rates based on the rates and sales presented in this proceeding⁹ to increase by no more than 2.45% above the change in the system average UDC rate each year from current effective rates used in this proceeding.¹⁰
- (3) The Agreement is for the resulting revenue allocation factors by class.

⁷ See, e.g., the rebuttal testimony of SDG&E witness William G. Saxe, Attachment B.

⁸ See, e.g., the rebuttal testimony of SDG&E witness William G. Saxe at pp. WGS-26 – WGS-27 and Attachments A and E.

⁹ See, e.g., the rebuttal testimony of SDG&E witnesses Christopher Swartz and Kenneth E. Schiermeyer.

¹⁰ See, e.g., the rebuttal testimony of SDG&E witness Christopher Swartz, Attachment A.

Commodity Revenue Allocation Factors:

Table 2: Commodity Revenue Allocation Factors

	Current	SDG&E Rebuttal 2016	Settlement 2016*	SDG&E Rebuttal 2017	Settlement 2017*	SDG&E Rebuttal 2018	Settlement 2018*
Residential	45.69%	45.91%	44.33%	46.13%	43.58%	46.35%	42.83%
Small Commercial	11.34%	11.95%	12.90%	12.56%	13.06%	13.18%	13.27%
Medium/Large Commercial & Industrial	41.02%	40.17%	40.86%	39.33%	41.47%	38.48%	42.03%
Agricultural	1.53%	1.53%	1.53%	1.53%	1.52%	1.53%	1.50%
Streetlighting	0.42%	0.44%	0.37%	0.45%	0.37%	0.47%	0.37%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*Assumptions:

- (1) Settlement Commodity revenue allocation factors begin with a 50%/50% average of SDG&E’s rebuttal position¹¹ and UCAN’s calculation of its commodity revenue allocation presented in direct testimony¹² updated for sales presented in SDG&E’s rebuttal testimony.¹³
- (2) These commodity allocation factors are then adjusted to allow for illustrative class average Total rates based on the rates and sales presented in this proceeding¹⁴ to increase by no more than 1.40% above the change in the system average Total rate each year from current effective rates used in this proceeding.¹⁵
- (3) The Agreement is for the resulting revenue allocation factors by class.

California Solar Initiative (“CSI”) Revenue Allocation Factors:

Table 3: CSI Revenue Allocation Factors

	Current	SDG&E Rebuttal	Settlement*
Residential	41.55%	41.55%	41.55%
Small Commercial	11.37%	11.37%	11.37%
Medium/Large Commercial & Industrial	46.09%	44.96%	44.96%
Agricultural	0.46%	1.59%	1.59%
Streetlighting	0.53%	0.53%	0.53%
Total	100.00%	100.00%	100.00%

¹¹ See, e.g., the rebuttal testimony of SDG&E witness Cynthia Fang, Table 3 at p. CF-9.

¹² UCAN’s July 5, 2016 testimony, Section V.D. at p. 40.

¹³ The rebuttal testimony of SDG&E witness Kenneth E. Schiermeyer.

¹⁴ See, e.g., the rebuttal testimony of SDG&E witnesses Christopher Swartz and Kenneth E. Schiermeyer.

¹⁵ See, e.g., the rebuttal testimony of SDG&E witness Christopher Swartz, Attachment A.

*Assumptions:

- (1) Settlement CSI revenue allocation factors are based on SDG&E’s rebuttal testimony.¹⁶
- (2) Note that current allocations reflect Schedule PA-T-1 in the Medium/Large Commercial & Industrial (“M/L C&I”) class, but SDG&E Rebuttal and Settlement allocations reflect Schedule PA-T-1 in the Agricultural class.¹⁷

Self-Generation Incentive Program (“SGIP”) Revenue Allocation Factors:

Table 4: SGIP Revenue Allocation Factors¹⁸

	Current	SDG&E Rebuttal	Settlement*
Residential	41.55%	41.55%	35.99%
Small Commercial	11.37%	11.37%	11.21%
Medium/Large Commercial & Industrial	46.09%	44.96%	50.81%
Agricultural	0.46%	1.59%	1.55%
Streetlighting	0.53%	0.53%	0.44%
Total	100.00%	100.00%	100.00%

*Assumptions:

- (1) Settlement SGIP revenue allocation factors are based on ORA’s position that SGIP should be allocated according to total sales updated for sales presented in SDG&E’s rebuttal testimony.¹⁹
- (2) Note that current allocations reflect Schedule PA-T-1 in the ML C & I class, but SDG&E Rebuttal and Settlement allocations reflect Schedule PA-T-1 in the Agricultural class.²⁰

¹⁶ See, e.g., the rebuttal testimony of SDG&E witness Cynthia Fang, Table 8 at p. CF-17.

¹⁷ See, e.g., the rebuttal testimony of SDG&E witness Cynthia Fang, p. CF-16.

¹⁸ The Settling Parties believe that the Agreement fully complies with D.16-06-055 in that the agreed-upon SGIP revenue allocation factor for residential customers represents an improvement as compared with SDG&E’s current and litigation-proposed allocation. In addition, it is important to note that the Agreement as a whole represents a balance of interests such that changes, concessions or compromises by one or more parties in one section of the Agreement resulted in changes, concessions or compromises in other sections of the Agreement. Finally, SDG&E hereby commits to revisit the issue of SGIP revenue allocation factors in its next GRC Phase 2 proceeding.

¹⁹ See, e.g., the rebuttal testimony of SDG&E witness Cynthia Fang, Table 8 at p. CF-17.

²⁰ See, e.g., the rebuttal testimony of SDG&E witness Cynthia Fang, p. CF-16.

Public Purpose Program (“PPP”) Revenue Allocation Factors:

Table 5: PPP Revenue Allocation Factors

Energy Efficiency (“PPP-EE”) Revenue Allocation Factors			
	Current	SDG&E Rebuttal	Settlement*
Residential	34.52%	46.05%	46.05%
Small Commercial	15.13%	11.30%	11.30%
Medium/Large Commercial & Industrial	49.28%	41.45%	41.45%
Agricultural	0.60%	1.12%	1.12%
Streetlighting	0.47%	0.08%	0.08%
Total	100.00%	100.00%	100.00%
Electric Program Investment Charge (“PPP-EPIC”) Revenue Allocation Factors			
Residential	41.30%	35.99%	35.99%
Small Commercial	14.00%	11.21%	11.21%
Medium/Large Commercial & Industrial	43.50%	50.81%	50.81%
Agricultural	0.50%	1.55%	1.55%
Streetlighting	0.70%	0.44%	0.44%
Total	100.00%	100.00%	100.00%
California Alternative Rates for Energy (“PPP-CARE”) Revenue Allocation Factors			
Residential	33.43%	32.47%	32.47%
Small Commercial	10.11%	11.91%	11.91%
Medium/Large Commercial & Industrial	56.02%	53.97%	53.97%
Agricultural	0.44%	1.65%	1.65%
Streetlighting	0.00%	0.00%	0.00%
Total	100.00%	100.00%	100.00%
Energy Savings Assistance Program (“PPP-ESAP”) Revenue Allocation Factors			
Residential	37.88%	36.15%	36.15%
Small Commercial	9.44%	11.26%	11.26%
Medium/Large Commercial & Industrial	52.28%	51.03%	51.03%
Agricultural	0.41%	1.55%	1.55%
Streetlighting	0.00%	0.00%	0.00%
Total	100.00%	100.00%	100.00%

*Assumptions:

- (1) Settlement PPP revenue allocation factors are based on SDG&E’s rebuttal testimony.²¹
- (2) Note that current allocations for EE, EPIC, CARE and ESAP reflect Schedule PA-T-1 in the ML C & I class, but SDG&E Rebuttal and Settlement allocations reflect Schedule PA-T-1 in the Agricultural class.²²

²¹ The rebuttal testimony of SDG&E witness Cynthia Fang, Table 6 at p. CF-12.

²² See, e.g., the rebuttal testimony of SDG&E witness Cynthia Fang, p. CF-16.

Competition Transition Charge (“CTC”) Revenue Allocation Factors:

Table 6: CTC Revenue Allocation Factors

	Current	SDG&E Rebuttal	Settlement*
Residential	40.89%	38.55%	38.55%
Small Commercial	11.61%	12.56%	12.56%
Medium/Large Commercial & Industrial	46.48%	47.79%	47.79%
Agricultural	1.02%	1.06%	1.06%
Streetlighting	0.00%	0.03%	0.03%
Total	100.00%	100.00%	100.00%

*Assumptions:

- (1) Settlement CTC revenue allocation factors are based on SDG&E’s rebuttal testimony.²³

Local Generation Charge (“LGC”) Revenue Allocation Factors:

Table 7: LGC Revenue Allocation Factors

	Current	SDG&E Rebuttal	Settlement*
Residential	40.89%	41.76%	41.76%
Small Commercial	11.03%	10.83%	10.83%
Medium/Large Commercial & Industrial	46.81%	46.15%	46.15%
Agricultural	0.89%	0.90%	0.90%
Streetlighting	0.38%	0.37%	0.37%
Total	100.00%	100.00%	100.00%

*Assumptions:

- (1) Settlement LGC revenue allocation factors are based on SDG&E’s rebuttal testimony.²⁴

Based on the revenue allocation factor tables set forth above, the following additional tables show illustrative average rates on a revenue neutral basis with current effective rates and assuming the sales forecast presented in SDG&E’s rebuttal testimony:

²³ The rebuttal testimony of SDG&E witness Cynthia Fang, Table 5 at p. CF-11.

²⁴ The rebuttal testimony of SDG&E witness Cynthia Fang, Table 5 at p. CF-11.

Illustrative Total Rate

	Current Effective 8-1-2016	Illustrative Settlement 2016*	2016 % Change from Current	Illustrative Settlement 2017*	2017 % Change from Current	Illustrative Settlement 2018*	2018 % Change from Current
RESIDENTIAL SMALL	22.6	23.7	4.5%	23.8	4.9%	24.0	5.9%
COMMERCIAL MEDIUM/LARGE C&I	22.5	23.5	4.5%	23.6	4.9%	23.8	5.9%
AGRICULTURAL LIGHTING	18.8	19.1	1.6%	19.2	2.3%	19.4	3.5%
AGRICULTURAL LIGHTING	16.5	17.3	4.5%	17.4	4.9%	17.5	5.9%
TOTAL	18.8	19.6	4.5%	19.7	4.9%	19.9	5.9%
TOTAL	20.5	21.2	3.1%	21.3	3.5%	21.5	4.5%

Illustrative UDC Rate

	Current Effective 8-1-2016	Illustrative Settlement 2016*	2016 % Change from Current	Illustrative Settlement 2017*	2017 % Change from Current	Illustrative Settlement 2018*	2018 % Change from Current
RESIDENTIAL SMALL	12.3	12.9	5.0%	13.0	5.2%	13.1	5.9%
COMMERCIAL MEDIUM/LARGE C&I	13.0	13.6	5.0%	13.7	5.2%	13.7	5.9%
AGRICULTURAL LIGHTING	8.7	8.6	-0.6%	8.7	0.1%	8.8	1.2%
AGRICULTURAL LIGHTING	8.0	8.1	1.5%	8.2	3.0%	8.4	5.1%
TOTAL	11.7	12.3	5.0%	12.3	5.2%	12.4	5.9%
TOTAL	10.4	10.7	2.6%	10.7	2.8%	10.8	3.4%

*Assumptions:

- (1) Assumes revenue allocation factors identified above.
- (2) Assumes revenue neutral based on current effective rates at the time of execution and filing of this Agreement.²⁵
- (3) Assumes sales forecast presented in SDG&E's rebuttal testimony.²⁶

²⁵ Current effective rates as of August 1, 2016 per SDG&E Advice Letter ("AL") 2922-E.

²⁶ The rebuttal testimony of SDG&E witness Kenneth E. Schiermeyer.

III. REQUEST FOR ADOPTION OF THE AGREEMENT

The Agreement is submitted pursuant to Rule 12.1 *et seq.* of the Commission's Rules of Practice and Procedure. The 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.²⁷ 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.²⁸ 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 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.

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

A. The Agreement is Reasonable in Light of the Record

The prepared testimony, the Agreement itself, and this motion contain the information necessary for the Commission to find the Agreement reasonable in light of the record. Prior to the settlement, parties conducted discovery and served testimony on revenue allocation issues.²⁹

²⁷ See, e.g., D.88-12-083 (30 CPUC 2d 189,221-223) and D.91-05-029 (40 CPUC 2d, 301, 326).

²⁸ D.92-12-019, 46 CPUC 2d 538, 553.

²⁹ See, e.g., the February 9, 2016 prepared direct testimony of SDG&E witness Christopher Swartz (Section III at pp. 8-21), which is now being sponsored by SDG&E witness Cynthia Fang; ORA's June 3, 2016 direct testimony (Chapter 6 sponsored by Aaron Lu); UCAN's July 5, 2016 direct testimony sponsored by Garrick F. Jones and William Perea Marcus (Section V at pp. 33-41); Farm Bureau's July 5, 2016 direct testimony sponsored by Laura Norin and Brandon Charles (Section III at

The Settling Parties request that the Commission admit the prepared testimony and related exhibits into the Commission's record of this proceeding.

The Agreement represents a reasonable compromise of the Settling Parties' positions (*see, e.g.*, the comparison exhibit attached to the Agreement as Appendix A). The prepared testimony of the Settling Parties and the information contained in this motion contain sufficient information for the Commission to judge the reasonableness of the Agreement.

B. The Agreement is Consistent with Law

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

C. The Agreement is in the Public Interest

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

The Agreement is a reasonable compromise of the Settling Parties' respective positions (*see, e.g.*, the comparison exhibit attached to the Agreement as Appendix A). The 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 a broad range of customer groups on SDG&E's system – over the course of ten (10) settlement conference calls during two months - resulting in a balanced settlement for all ratepayers. It fairly resolves issues and provides more certainty to

pp. 15-23); FEA's July 5, 2016 direct testimony sponsored by Maurice Brubaker (Section VI at p. 22); CAL-SLA's July 5, 2016 direct testimony sponsored by Alison M. Lechowicz (Chapter II at pp. 8-10); and the August 30, 2016 prepared rebuttal testimony of SDG&E witness Cynthia Fang (Section III at pp. 8-18).

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

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

Each portion of the Agreement is dependent upon the other portions of the Agreement. Changes to one portion of the Agreement would alter the balance of interests and the mutually agreed upon compromises and outcomes which are contained in the 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 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.

Attachment A

REVENUE ALLOCATION SETTLEMENT AGREEMENT

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REVENUE ALLOCATION SETTLEMENT AGREEMENT

November 4, 2016

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TABLE OF CONTENTS

A.	Parties	1
B.	Recitals	1
C.	Agreement.....	3
D.	Implementation of Agreement.....	10
E.	Record Evidence	11
F.	Incorporation of Complete Agreement.....	11
G.	Signature Date	12
H.	Regulatory Approval.....	12
I.	Compromise of Disputed Claims	13
J.	Non-Precedential	13
K.	Previous Communications	13
L.	Non Waiver	13
M.	Effect of Subject Headings	14
N.	Governing Law.....	14
O.	Number of Originals	14
APPENDIX A: COMPARISON OF POSITIONS AND SETTLEMENT		A-1

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REVENUE ALLOCATION SETTLEMENT AGREEMENT

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

A. Parties

The Parties to this Agreement are San Diego Gas & Electric Company (“SDG&E”), the Office of Ratepayer Advocates (“ORA”), the Utility Consumers’ Action Network (“UCAN”), the California Farm Bureau Federation (“Farm Bureau”), the Federal Executive Agencies (“FEA”), the City of San Diego (“City of San Diego”) and the California City-County Street Light Association (“CAL-SLA”) (referred to hereinafter collectively as “Settling Parties” or individually as “Party”).

B. Recitals

1. In deciding Phase 2 of SDG&E's 2016 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.
2. On February 9, 2016, SDG&E served its prepared direct testimony regarding marginal costs, revenue allocation and rate design in support of SDG&E’s Second-Amended Application (“A.”) 15-04-012.
3. ORA served its initial testimony on June 3, 2016 and intervenors, including the Settling Parties to this Agreement, served their initial prepared testimony on July

- 5, 2016. UCAN, with the permission of the Assigned Administrative Law Judge, served supplemental testimony on demand distribution allocation factors on July 29, 2016.
4. SDG&E served rebuttal testimony on August 29, 2016 (which is dated August 30, 2016) and several intervenors served rebuttal testimony on October 14, 2016.
 5. SDG&E and Settling Parties' prepared testimony addressed various revenue allocation issues that are resolved in this Agreement and other issues, including those related to time-of-use ("TOU") period definitions and rate design that are not resolved in this Agreement.
 6. On October 12, 2016, SDG&E served notice on all parties of its intent to conduct a settlement conference related to revenue allocation and other issues in A.15-04-012; pursuant to this notice, an initial settlement conference was held on October 20, 2016.
 7. Continuing settlement discussions occurred among the parties after October 20, 2016.
 8. The Settling Parties have evaluated the impacts of the various proposals in this proceeding and desire to resolve all issues related to the allocation of SDG&E's authorized revenue requirement beginning with the implementation of a California Public Utilities Commission ("CPUC" or "Commission") decision approving this Agreement, and have reached agreement as indicated in Section C of this Agreement.
 9. Appendix A to this Agreement provides a comparison of the Settling Parties' positions related to revenue allocations that have been resolved by this

Agreement. In the event of a conflict between the terms of this Agreement and Appendix A, the terms of this Agreement shall control.

C. 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 Section J herein. 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 GRC Phase 2 proceeding.

1. Marginal Costs

A number of issues were raised regarding the calculation and methodologies used to derive marginal distribution customer and demand costs, and marginal generation capacity and energy costs, including the underlying TOU-period definitions. 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 values and methodologies and TOU period definitions. Therefore, the Agreement does not reflect the approval or acceptance of any one of the parties' various marginal cost or TOU proposals.

2. Revenue Allocation

A number of issues were raised in prepared testimony regarding the allocation to SDG&E's customer classes of various Commission-authorized revenue

requirements. Additionally, parties addressed 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.

In order to avoid further litigation and to mitigate potentially adverse impacts on any particular customer class, the Settling Parties have agreed on how to allocate SDG&E's Commission-authorized distribution, commodity, California Solar Initiative ("CSI"), Self-Generation Incentive Program ("SGIP"), Public Purpose Program ("PPP"), Competition Transition Charge ("CTC") and Local Generation Charge ("LGC") revenue requirements. The Settling Parties established the basis for allocating these revenues through the consideration of elements from the testimony of a number of different parties. In this way, the settlement represents a consolidation of the positions of all parties.

While allocation factors are determined on a rate component basis, in order to mitigate potentially adverse impacts on any particular customer class, the Settling Parties evaluated the allocation of SDG&E's revenues in the context of impacts on Total and Utility Distribution Company ("UDC") illustrative class average rates. The Settling Parties agreed to establish two caps on illustrative average rates that are discussed in more detail in Section h below, such that illustrative average UDC rates for each customer class increase by no more than 2.45% above the illustrative system average UDC rate increase, and illustrative total rates for each customer class increase by no more than 1.4% above the illustrative system average total rate increase.

The following tables illustrate the revenue allocation factors for each of these categories of costs agreed to by the Settling Parties and the illustrative average Total and UDC rates based on these revenue allocation factors:

a. Distribution Revenue Allocation Factors

Table 1: Distribution Revenue Allocation Factors

	Current	SDG&E Rebuttal 2016	Settlement 2016*	SDG&E Rebuttal 2017	Settlement 2017*	SDG&E Rebuttal 2018	Settlement 2018*
Residential	47.58%	47.91%	46.01%	48.24%	45.15%	48.57%	44.20%
Small Commercial	12.67%	13.72%	15.46%	14.77%	15.61%	15.82%	15.78%
Medium/Large Commercial & Industrial	37.70%	36.33%	36.60%	34.97%	37.30%	33.60%	38.06%
Agricultural	1.33%	1.30%	1.26%	1.27%	1.28%	1.23%	1.31%
Streetlighting	0.72%	0.74%	0.67%	0.76%	0.66%	0.78%	0.65%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*Assumptions:

- (1) Settlement Distribution revenue allocation factors begin with: (1) SDG&E’s rebuttal position for distribution demand costs¹ and (2) a 50%/50% average of SDG&E’s Rental calculation and SDG&E’s New Customer Only (“NCO”) calculation for marginal customer costs.²
- (2) These distribution allocation factors were then adjusted to allow for illustrative class average UDC rates based on the rates and sales presented in this proceeding³ to increase by no more than 2.45% above the change in the system average UDC rate each year from current effective rates used in this proceeding.⁴
- (3) The Agreement is for the resulting revenue allocation factors by class.

¹ See, e.g., the rebuttal testimony of SDG&E witness William G. Saxe, Attachment B.

² See, e.g., the rebuttal testimony of SDG&E witness William G. Saxe at pp. WGS-26 – WGS-27 and Attachments A and E.

³ See, e.g., the rebuttal testimony of SDG&E witnesses Christopher Swartz and Kenneth E. Schiermeyer.

⁴ See, e.g., the rebuttal testimony of SDG&E witness Christopher Swartz, Attachment A.

b. Commodity Revenue Allocation Factors

Table 2: Commodity Revenue Allocation Factors

	Current	SDG&E Rebuttal 2016	Settlement 2016*	SDG&E Rebuttal 2017	Settlement 2017*	SDG&E Rebuttal 2018	Settlement 2018*
Residential	45.69%	45.91%	44.33%	46.13%	43.58%	46.35%	42.83%
Small Commercial	11.34%	11.95%	12.90%	12.56%	13.06%	13.18%	13.27%
Medium/Large Commercial & Industrial	41.02%	40.17%	40.86%	39.33%	41.47%	38.48%	42.03%
Agricultural	1.53%	1.53%	1.53%	1.53%	1.52%	1.53%	1.50%
Streetlighting	0.42%	0.44%	0.37%	0.45%	0.37%	0.47%	0.37%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*Assumptions:

- (1) Settlement Commodity revenue allocation factors begin with a 50%/50% average of SDG&E’s rebuttal position⁵ and UCAN’s calculation of its commodity revenue allocation presented in direct testimony⁶ updated for sales presented in SDG&E’s rebuttal testimony.⁷
- (2) These commodity allocation factors are then adjusted to allow for illustrative class average Total rates based on the rates and sales presented in this proceeding⁸ to increase by no more than 1.40% above the change in the system average Total rate each year from current effective rates used in this proceeding.⁹
- (3) The Agreement is for the resulting revenue allocation factors by class.

c. California Solar Initiative (“CSI”) Revenue Allocation Factors

Table 3: CSI Revenue Allocation Factors

	Current	SDG&E Rebuttal	Settlement*
Residential	41.55%	41.55%	41.55%
Small Commercial	11.37%	11.37%	11.37%
Medium/Large Commercial & Industrial	46.09%	44.96%	44.96%
Agricultural	0.46%	1.59%	1.59%
Streetlighting	0.53%	0.53%	0.53%
Total	100.00%	100.00%	100.00%

⁵ See, e.g., the rebuttal testimony of SDG&E witness Cynthia Fang, Table 3 at p. CF-9.

⁶ UCAN’s July 5, 2016 testimony, Section V.D. at p. 40.

⁷ The rebuttal testimony of SDG&E witness Kenneth E. Schiermeyer.

⁸ See, e.g., the rebuttal testimony of SDG&E witnesses Christopher Swartz and Kenneth E. Schiermeyer.

⁹ See, e.g., the rebuttal testimony of SDG&E witness Christopher Swartz, Attachment A.

*Assumptions:

- (1) Settlement CSI revenue allocation factors are based on SDG&E’s rebuttal testimony.¹⁰
- (2) Note that current allocations reflect Schedule PA-T-1 in the Medium/Large Commercial & Industrial (“M/L C&I”) class, but SDG&E Rebuttal and Settlement allocations reflect Schedule PA-T-1 in the Agricultural class.¹¹

d. Self-Generation Incentive Program (“SGIP”) Revenue Allocation Factors

Table 4: SGIP Revenue Allocation Factors¹²

	Current	SDG&E Rebuttal	Settlement*
Residential	41.55%	41.55%	35.99%
Small Commercial	11.37%	11.37%	11.21%
Medium/Large Commercial & Industrial	46.09%	44.96%	50.81%
Agricultural	0.46%	1.59%	1.55%
Streetlighting	0.53%	0.53%	0.44%
Total	100.00%	100.00%	100.00%

*Assumptions:

- (1) Settlement SGIP revenue allocation factors are based on ORA’s position that SGIP should be allocated according to total sales updated for sales presented in SDG&E’s rebuttal testimony.¹³
- (2) Note that current allocations reflect Schedule PA-T-1 in the ML C &I class, but SDG&E Rebuttal and Settlement allocations reflect Schedule PA-T-1 in the Agricultural class.¹⁴

¹⁰ See, e.g., the rebuttal testimony of SDG&E witness Cynthia Fang, Table 8 at p. CF-17.

¹¹ See, e.g., the rebuttal testimony of SDG&E witness Cynthia Fang, p. CF-16.

¹² The Settling Parties believe that the Agreement fully complies with D.16-06-055 in that the agreed-upon SGIP revenue allocation factor for residential customers represents an improvement as compared with SDG&E’s current and litigation-proposed allocation. In addition, it is important to note that the Agreement as a whole represents a balance of interests such that changes, concessions or compromises by one or more parties in one section of the Agreement resulted in changes, concessions or compromises in other sections of the Agreement. Finally, SDG&E hereby commits to revisit the issue of SGIP revenue allocation factors in its next GRC Phase 2 proceeding.

¹³ See, e.g., the rebuttal testimony of SDG&E witness Cynthia Fang, Table 8 at p. CF-17.

¹⁴ See, e.g., the rebuttal testimony of SDG&E witness Cynthia Fang, p. CF-16.

e. Public Purpose Program (“PPP”) Revenue Allocation Factors

Table 5: PPP Revenue Allocation Factors

Energy Efficiency (“PPP-EE”) Revenue Allocation Factors			
	Current	SDG&E Rebuttal	Settlement*
Residential	34.52%	46.05%	46.05%
Small Commercial	15.13%	11.30%	11.30%
Medium/Large Commercial & Industrial	49.28%	41.45%	41.45%
Agricultural	0.60%	1.12%	1.12%
Streetlighting	0.47%	0.08%	0.08%
Total	100.00%	100.00%	100.00%
Electric Program Investment Charge (“PPP-EPIC”) Revenue Allocation Factors			
Residential	41.30%	35.99%	35.99%
Small Commercial	14.00%	11.21%	11.21%
Medium/Large Commercial & Industrial	43.50%	50.81%	50.81%
Agricultural	0.50%	1.55%	1.55%
Streetlighting	0.70%	0.44%	0.44%
Total	100.00%	100.00%	100.00%
California Alternative Rates for Energy (“PPP-CARE”) Revenue Allocation Factors			
Residential	33.43%	32.47%	32.47%
Small Commercial	10.11%	11.91%	11.91%
Medium/Large Commercial & Industrial	56.02%	53.97%	53.97%
Agricultural	0.44%	1.65%	1.65%
Streetlighting	0.00%	0.00%	0.00%
Total	100.00%	100.00%	100.00%
Energy Savings Assistance Program (“PPP-ESAP”) Revenue Allocation Factors			
Residential	37.88%	36.15%	36.15%
Small Commercial	9.44%	11.26%	11.26%
Medium/Large Commercial & Industrial	52.28%	51.03%	51.03%
Agricultural	0.41%	1.55%	1.55%
Streetlighting	0.00%	0.00%	0.00%
Total	100.00%	100.00%	100.00%

*Assumptions:

- (1) Settlement PPP revenue allocation factors are based on SDG&E’s rebuttal testimony.¹⁵
- (2) Note that current allocations for EE, EPIC, CARE and ESAP reflect Schedule PA-T-1 in the ML C & I class, but SDG&E Rebuttal and Settlement allocations reflect Schedule PA-T-1 in the Agricultural class.¹⁶

¹⁵ The rebuttal testimony of SDG&E witness Cynthia Fang, Table 6 at p. CF-12.

¹⁶ See, e.g., the rebuttal testimony of SDG&E witness Cynthia Fang, p. CF-16.

f. Competition Transition Charge (“CTC”) Revenue Allocation Factors

Table 6: CTC Revenue Allocation Factors

	Current	SDG&E Rebuttal	Settlement*
Residential	40.89%	38.55%	38.55%
Small Commercial	11.61%	12.56%	12.56%
Medium/Large Commercial & Industrial	46.48%	47.79%	47.79%
Agricultural	1.02%	1.06%	1.06%
Streetlighting	0.00%	0.03%	0.03%
Total	100.00%	100.00%	100.00%

*Assumptions:

- (1) Settlement CTC revenue allocation factors are based on SDG&E’s rebuttal testimony.¹⁷

g. Local Generation Charge (“LGC”) Revenue Allocation Factors

Table 7: LGC Revenue Allocation Factors

	Current	SDG&E Rebuttal	Settlement*
Residential	40.89%	41.76%	41.76%
Small Commercial	11.03%	10.83%	10.83%
Medium/Large Commercial & Industrial	46.81%	46.15%	46.15%
Agricultural	0.89%	0.90%	0.90%
Streetlighting	0.38%	0.37%	0.37%
Total	100.00%	100.00%	100.00%

*Assumptions:

- (1) Settlement LGC revenue allocation factors are based on SDG&E’s rebuttal testimony.¹⁸

h. Illustrative Average Total and UDC Rates

Based on the revenue allocation factor tables set forth above, the following additional tables show illustrative average rates on a revenue neutral basis with current effective rates and assuming the sales forecast presented in SDG&E’s rebuttal testimony:

¹⁷ The rebuttal testimony of SDG&E witness Cynthia Fang, Table 5 at p. CF-11.

¹⁸ The rebuttal testimony of SDG&E witness Cynthia Fang, Table 5 at p. CF-11.

Table 8: Illustrative Average Total and UDC Rates

Illustrative Average Total Rate							
	Current Effective 8-1-2016	Illustrative Settlement 2016	2016 % Change from Current	Illustrative Settlement 2017	2017 % Change from Current	Illustrative Settlement 2018	2018 % Change from Current
RESIDENTIAL	22.6	23.7	4.5%	23.8	4.9%	24.0	5.9%
SMALL COMMERCIAL	22.5	23.5	4.5%	23.6	4.9%	23.8	5.9%
MEDIUM/LARGE C&I	18.8	19.1	1.6%	19.2	2.3%	19.4	3.5%
AGRICULTURAL	16.5	17.3	4.5%	17.4	4.9%	17.5	5.9%
LIGHTING	18.8	19.6	4.5%	19.7	4.9%	19.9	5.9%
TOTAL	20.5	21.2	3.1%	21.3	3.5%	21.5	4.5%
Illustrative Average UDC Rate							
	Current Effective 8-1-2016	Illustrative Settlement 2016	2016 % Change from Current	Illustrative Settlement 2017	2017 % Change from Current	Illustrative Settlement 2018	2018 % Change from Current
RESIDENTIAL	12.3	12.9	5.0%	13.0	5.2%	13.1	5.9%
SMALL COMMERCIAL	13.0	13.6	5.0%	13.7	5.2%	13.7	5.9%
MEDIUM/LARGE C&I	8.7	8.6	-0.6%	8.7	0.1%	8.8	1.2%
AGRICULTURAL	8.0	8.1	1.5%	8.2	3.0%	8.4	5.1%
LIGHTING	11.7	12.3	5.0%	12.3	5.2%	12.4	5.9%
TOTAL	10.4	10.7	2.6%	10.7	2.8%	10.8	3.4%

*Assumptions:

- (1) Assumes revenue allocation factors identified above.
- (2) Assumes revenue neutral based on current effective rates at the time of execution and filing of this Agreement.¹⁹
- (3) Assumes sales forecast presented in SDG&E’s rebuttal testimony²⁰.

D. 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 May 1, 2017.

The Settling Parties agree that the allocation factors that were developed based on the caps to illustrative average UDC rates and the caps to illustrative average total rates shall

¹⁹ Current effective rates as of August 1, 2016 per SDG&E Advice Letter (“AL”) 2922-E

²⁰ The rebuttal testimony of SDG&E witness Kenneth E. Schiermeyer.

apply to the CPUC-jurisdictional revenue requirements in place when the Commission adopts a final decision in this proceeding. These allocation factors, which were guided by the rate caps, will continue to apply to any future changes in SDG&E's rates until the Phase 2 of SDG&E's next GRC proceeding is implemented.²¹ This would apply to the following rate components:

- Table 1 revenue allocation factors for Distribution revenue requirements
- Table 2 revenue allocation factors for Commodity revenue requirements
- Table 3 revenue allocation factors for CSI
- Table 4 revenue allocation factors for SGIP
- Table 5 revenue allocation factors for PPP
- Table 6 revenue allocation factors for CTC
- Table 7 revenue allocation factors for LGC

Other CPUC-jurisdictional revenue requirement changes will be allocated per CPUC-approved revenue allocation methodology.²²

E. Record Evidence

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

F. 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,

²¹ FERC-jurisdictional revenue requirement changes will be allocated per FERC-approved revenue allocation factors.

²² For example, the Department of Water Resources ("DWR") bond charge revenue requirement will continue to be allocated on an equal cents per kWh basis unless SDG&E is directed otherwise by the CPUC.

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.

G. Signature Date

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

H. 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 2016 GRC (A.15-04-012). 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.

Should any Proposed Decision or Alternate Proposed Decision seek a modification to this Agreement, and should any Settling Party be unwilling to accept such modification, that Settling Party shall so notify the other Settling Parties within five business days of issuance of such Proposed Decision or Alternate Proposed Decision. The Settling Parties shall thereafter promptly discuss the proposed modification and negotiate in good faith to achieve a resolution acceptable to the Settling Parties, and shall promptly seek Commission approval of the resolution so achieved. Failure to resolve

such proposed modification to the satisfaction of the Settling Parties, or to obtain Commission approval of such resolution promptly thereafter, shall entitle any Settling Party to terminate its participation from this Agreement through prompt notice to the other Settling Parties.

I. 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.

J. Non-Precedential

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.

K. Previous Communications

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.

L. 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 any one 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.

M. Effect of Subject Headings

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

N. 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.

O. 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.

Agreed to and signed by:

SAN DIEGO GAS & ELECTRIC COMPANY

By: 
Scott Crider, VP-Customer Services

OFFICE OF RATEPAYER ADVOCATES

By: _____
Elizabeth Echols, Director

UTILITY CONSUMERS ACTION NETWORK

By: _____
Donald Kelly, Executive Director

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OFFICE OF RATEPAYER ADVOCATES

By: *Elizabeth Echols* For Elizabeth Echols
Elizabeth Echols, Director

UTILITY CONSUMERS ACTION NETWORK

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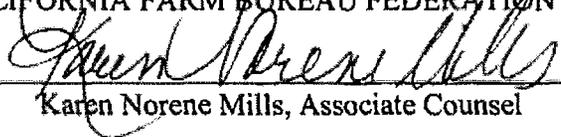
OFFICE OF RATEPAYER ADVOCATES

By: _____
Elizabeth Echols, Director

UTILITY CONSUMERS ACTION NETWORK

By: Donald Kelly 11/3/16
Donald Kelly, Executive Director

CALIFORNIA FARM BUREAU FEDERATION

By: 
Karen Norene Mills, Associate Counsel

FEDERAL EXECUTIVE AGENCIES

By: _____
Rita M. Liotta, Counsel

CITY OF SAN DIEGO

By: _____
Paz Gomez, Deputy Chief Operating Officer

CALIFORNIA CITY-COUNTY STREET LIGHT ASSOCIATION

By: _____
Daniel M. Denebeim, Attorney

CALIFORNIA FARM BUREAU FEDERATION

By: _____
Karen Norene Mills, Associate Counsel

FEDERAL EXECUTIVE AGENCIES

By: Rita M. Liotta Nov 3, 2016
Rita M. Liotta, Counsel

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Rita M. Liotta, Counsel

CITY OF SAN DIEGO

By: *Fredrick W. Cantello* DEPUTY CITY ATTORNEY
FOR Paz Gomez, Deputy Chief Operating Officer

CALIFORNIA CITY-COUNTY STREET LIGHT ASSOCIATION

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Daniel M. Denebeim, Attorney

CALIFORNIA FARM BUREAU FEDERATION

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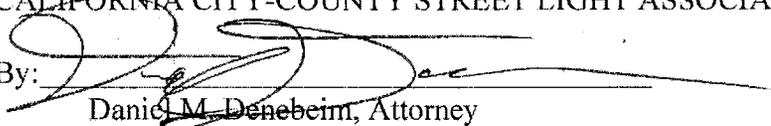
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CITY OF SAN DIEGO

By: _____
Paz Gomez, Deputy Chief Operating Officer

CALIFORNIA CITY-COUNTY STREET LIGHT ASSOCIATION

By:  _____
Daniel M. Denebeim, Attorney

APPENDIX A
Comparison Exhibit

Issues Related to Settlement

Issue	SDG&E Current	SDG&E Proposed	SDG&E Rebuttal	ORA	UCAN	Farm Bureau	FEA	City of SD	CALSLA	Settlement
<u>Revenue Allocation</u>										
Distribution Base Revenues	Distribution revenue allocations by customer class adopted in 2012 GRC Phase 2 settlement approved by D.14-01-002.	Distribution revenue allocations by customer class updated to reflect proposed distribution cost studies based on the Rental Method to calculate marginal customer costs and the NERA Regression Method to calculate marginal demand costs.	Distribution revenue allocations updated to reflect adjustments to marginal customer and demand cost studies, updates to Effective Demand Factors, and updates to 2016 forecasted number of customers and non-coincident demand determinants.	Distribution revenue allocations updated to reflect adjustments to the marginal customer and demand cost studies, including the use of the NCO Method to calculate the marginal customer costs. ORA proposed to have a cap and floor mechanism such that each customer class average rate change will not exceed the system average rate change plus 1.5%.	Distribution revenue allocations updated to reflect adjustments to the marginal customer and demand cost studies, including examining the use of the Rental and NCO Methods to calculate the marginal customer costs. Agree with ORA's cap of 1.5% increase above the system average rate increase.	Supports SDG&E's marginal customer and demand cost proposals for the purpose of developing distribution revenue allocations. Cap of 3% above the system average rate increase.	Supports SDG&E's marginal customer and demand cost proposals. Argues against ORA's marginal customer costs calculation based on the NCO Method and ORA's adjustment to the distribution loads used in the marginal demand cost calculation.	N/A	Supports the use of the NCO Method in the calculation of marginal distribution customer costs for the purpose of developing distribution revenue allocations. Supports ORA's 1.5% cap on system average increase.	SDG&E's rebuttal position for distribution demand costs and a 50%/50% average of SDG&E's rental calculation and SDG&E's NCO calculation for marginal customers costs, adjusted to allow for illustrative class average UDC rates to increase by no more than 2.45% above the system average UDC rate each year. Settlement is for the resulting revenue allocations.

Issue	SDG&E Current	SDG&E Proposed	SDG&E Rebuttal	ORA	UCAN	Farm Bureau	FEA	City of SD	CALSLA	Settlement
Revenue Allocation										
Commodity	Commodity revenue allocations by customer class adopted in 2012 GRC Phase 2 settlement approved by D.14-01-002.	Commodity revenue allocations by customer class updated to reflect SDG&E's commodity cost studies.	Commodity revenue allocations by customer class updated to reflect updates to the sales forecast and SDG&E's TOU proposal.	Commodity revenue allocations by customer class updated to reflect ORA's commodity cost studies and TOU period proposal. ORA proposed to have a cap and floor mechanism such that each customer class average rate change will not exceed the system average rate change plus 1.5%.	Commodity revenue allocations by customer class updated to reflect UCAN's commodity cost studies. Agree with ORA's cap of 1.5% increase above the system average rate increase.	Support SDG&E's marginal cost study based on the Farm Bureau's TOU proposal for the purpose of revenue allocation. Cap of 3% increase above the system average rate increase.				50%/50% average of SDG&E's position and UCAN's calculation of commodity revenue allocation presented in its direct testimony (updated for Sales presented in SDG&E's rebuttal), adjusted to allow for illustrative class average Total rates to increase by no more than 1.40% above the change in the system average Total rate each year. Settlement is for the resulting revenue allocations.
California Solar Initiative ("CSI")	CSI revenue allocations by customer class adopted in 2008 GRC Phase 2 settlement approved by D.08-02-034.	No change proposed.	Updated to reflect movement of PA-T-1 from the M/L C&I class to the Agricultural class.	Equal cents per kWh allocator (with exemption for CARE customers).			Disagrees with both SDG&E and ORA's proposals.			SDG&E's Rebuttal - note that current reflects Schedule PA-T-1 in the M/L C&I Class, while Rebuttal allocations reflect Schedule PA-T-1 in the Agricultural Class.

Issue	SDG&E Current	SDG&E Proposed	SDG&E Rebuttal	ORA	UCAN	Farm Bureau	FEA	City of SD	CALSLA	Settlement
Revenue Allocation										
Self-Generation Incentive Program ("SGIP")	SGIP revenue allocations by customer class adopted in 2008 GRC Phase 2 settlement approved by D.08-02-034.	No change proposed.	Updated to reflect movement of PA-T-1 from the M/L C&I class to the Agricultural class.	Equal cents per kWh allocator.			Disagrees with both SDG&E's and ORA's proposals.			ORA's Direct, updated for sales presented in SDG&E's Rebuttal - note that current reflects Schedule PA-T-1 in the M/L C&I Class, while Rebuttal allocations reflect Schedule PA-T-1 in the Agricultural Class.
Public Purpose Programs - Energy Efficiency ("EE")	EE revenue allocations by customer class, adopted in 2006-2008 EE Proceeding, approved by D.05-09-043.	Factors allocation to customer classes updated to reflect forecasted EE program spend.	No change to methodology, updated for more current data.							SDG&E's Rebuttal.
Public Purpose Programs - Electric Program Investment Charge ("EPIC")	EPIC revenue allocations by customer class approved by D.11-12-035.	Factors allocation to customer classes updated to reflect sales by customer class.	No change to methodology, updated for more current sales.							SDG&E's Rebuttal.
Public Purpose Programs - California Alternative Rates for Energy ("CARE")	CARE revenue allocations by customer class based on sales excluding sales to CARE and Streetlighting customers, approved by D.08-11-031.	Factors allocation to customer classes updated to reflect non-lighting, non-CARE sales by customer class.	No change to methodology, updated for more current sales.							SDG&E's Rebuttal.

Issue	SDG&E Current	SDG&E Proposed	SDG&E Rebuttal	ORA	UCAN	Farm Bureau	FEA	City of SD	CALSLA	Settlement
Revenue Allocation										
Public Purpose Programs - Energy Savings Assistance Program ("ESAP")	CARE revenue allocations by customer class based on sales adjusted to exclude usage of Streetlighting customers, approved by D.08-11-031.	Factors allocation to customer classes updated to reflect non-lighting sales by customer class.	No change to methodology, updated for more current sales.							SDG&E's Rebuttal.
Competition Transition Charge ("CTC")	CTC revenue allocations by customer class adopted in 2012 GRC Phase 2 settlement approved by D.14-01-002.	Factors allocating to customer classes updated to reflect more recent top 100 load data.	Updated for more current data.							SDG&E's Rebuttal.
Local Generation Charge ("LGC")	Factors allocation to customer classes based on TO4 Cycle 1 Filing.	Factors allocation to customer classes updated to reflect TO4 Cycle 2 filing.	Factors allocation to customer classes updated to reflect TO4 Cycle 3 filing.							SDG&E's Rebuttal
Other							Separate allocation factors by service voltage level in the next GRC P2 filing.	A-TC should be a separate customer class for revenue allocation purposes.	A-TC should be treated as a separate class for revenue allocation purposes.	