



A  Sempra Energy utility®

CPUC Advanced Rate Design Forum

Distribution Cost Recovery:

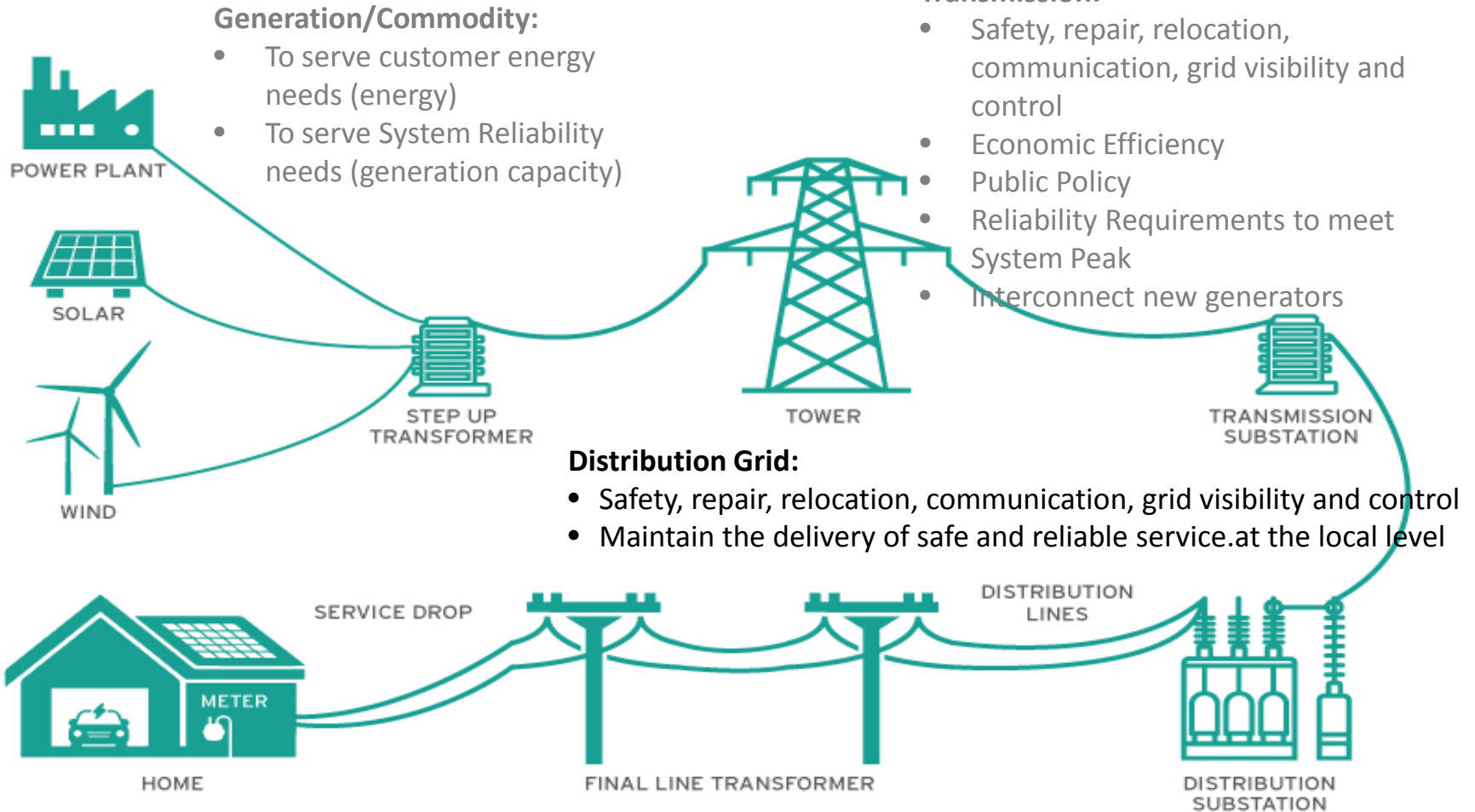
*Recovering Geographically Diverse Time-Varying
Costs with Geographically Uniform Tariffs*

Cyndee Fang

Manager of Customer Pricing

December 11, 2017

The Utility System



Customer Set-up:

- To ensure customers are ready to receive energy services

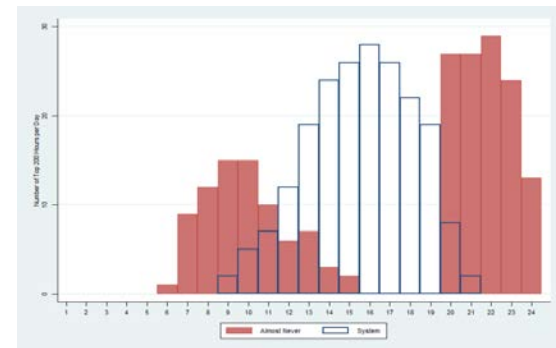
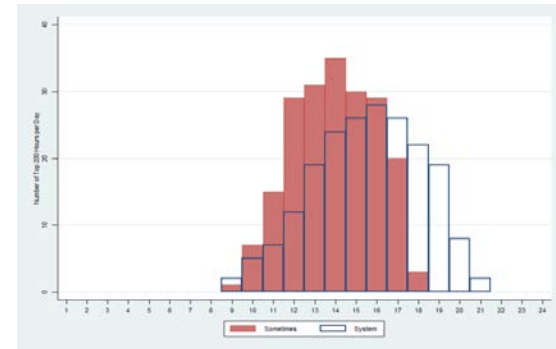
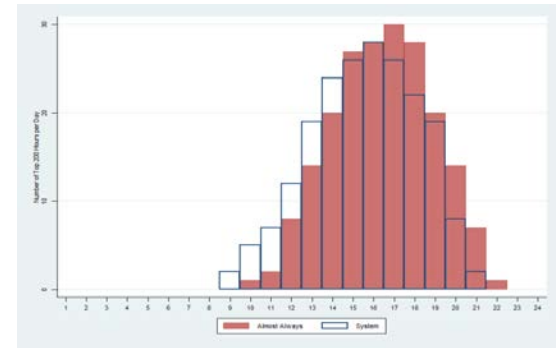
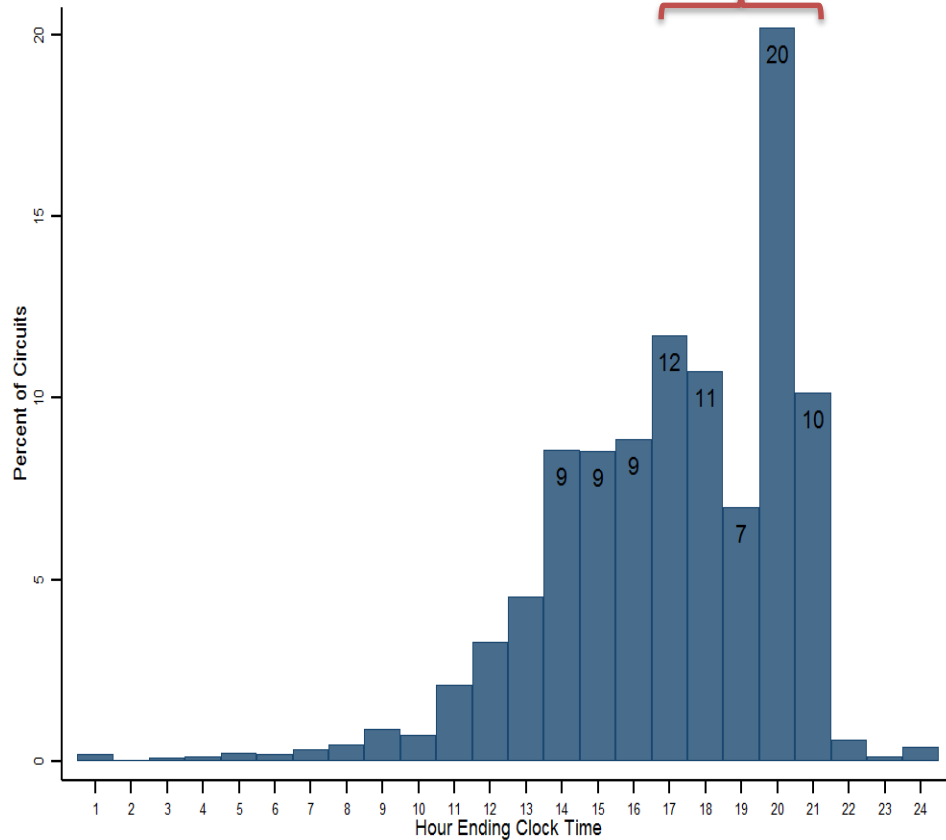
Diversity of Peak of Distribution Circuits

Distribution of SDG&E's Circuit Peaks

2014-2016

By Hour Ending

4pm-9pm
On-peak



Cost of Service Rate Design Principles

2

Rates should be based on marginal cost

3

Rates should be based on cost-causation principles

7

Rates should generally avoid cross-subsidies, unless the cross-subsidies appropriately support explicit state policy goals

8

Incentives should be explicit and transparent

9

Rates should encourage economically efficient decision-making.