Application No.: A.24-05-~~XXX~~010
Exhibit No.: SDGE-14~~3~~
Witness: LaRee Felan

UPDATED PREPARED DIRECT TESTIMONY OF

LAREE FELAN

ON BEHALF OF

SAN DIEGO GAS & ELECTRIC COMPANY

*****REDACTED, PUBLIC VERSION*****

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

October 21~~May 15~~, 2024

TABLE OF CONTENTS

UPDATED PREPARED DIRECT TESTIMONY OF LAREE FELAN ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

I. INTRODUCTION

The purpose of my updated testimony is to address expenses related to San Diego Gas & Electric Company's ("SDG&E") 2025 Energy Resource Recovery Account ("ERRA") forecast. More specifically, my testimony:

- Describes SDG&E's ERRA, Competition Transition Charge ("CTC"), Transition Cost Balancing Account ("TCBA"), Local Generating Balancing Account ("LGBA"), Investment Tax Credits ("ITCs"), Green Tariff Shared Renewable Balancing Account ("GTSRBA"), Tree Mortality Non-Bypassable Charge Balancing Account ("TMNBCBA"), Solar on Multifamily Affordable Housing ("SOMAH") Program funding, Disadvantaged Communities Single Family Solar Homes program ("DAC-SASH"), Portfolio Allocation Balancing Account ("PABA"), Power Charge Indifference Adjustment ("PCIA") Undercollection Balancing Account ("CAPBA"), Modified Cost Allocation Mechanism Balancing Account ("MCAMBA"), and BioMat Non-Bypassable Charge Balancing Account ("BNBCBA").
- Sets forth SDG&E's forecasted 2025 ERRA, CTC, LGBA, TMNBCBA, PABA and MCAMBA revenue requirements.
- Presents the comparison between the recorded 2023 year-end balances with the actual 2023 year-end balances in the Greenhouse Gas ("GHG") allowance revenues and expenses balancing accounts.

Finally, my testimony requests authorization of the revenue requirement of the San Onofre Nuclear Generating Station ("SONGS") Unit 1 Offsite Spent Fuel Storage costs as described in Section XIV below.

Cost recovery for the revenue requirements discussed in this testimony is addressed in the testimony of SDG&E witness Ms. Wissman.

II. ERRA, TCBA, CTC AND LGBA BACKGROUND

Pursuant to California Public Utilities Commission ("Commission") Decisions ("D.") 02-10-062 and D.02-12-074, the purpose of the ERRA balancing account is to provide full recovery of SDG&E's energy procurement costs associated with serving SDG&E's bundled service customers. Energy procurement costs include expenses associated with the California Independent System Operator ("CAISO") such as energy and ancillary services load charges, contract costs, CAISO-related costs, and hedging costs. The ERRA records revenues from SDG&E's Electric Energy Commodity Cost ("EECC") rate schedule, adjusted to exclude commodity revenues assigned to the Non-Fuel Generation Balancing Account ("NGBA"),[1] and other Commission approved adjustments.

The purpose of the TCBA is to accrue all CTC revenues and recover all CTC-eligible generation-related costs. Pursuant to D.02-12-074 and D.02-11-022, payments to Qualifying Facilities ("QFs") that are above the market benchmark proxy are charged to the TCBA. Eligible CTC expenses reflect the difference between the market proxy and the contract price of costs associated with certain QF contracts. SDG&E proposes to change this cost recovery methodology to discontinue the market benchmark proxy for SDG&E's CTC-eligible resources. As of 2025, SDG&E will have two small CTC-eligible resources remaining with TCBA cost recovery, both of which have no predetermined contract expiration date. Because the benchmark used to divide net contract costs is based on forecasted energy prices, the up-to-market net amount calculated to record in ERRA may be different than the actual up-to-market net costs. This can cause under/overcollections in ERRA which are paid by bundled customers. SDG&E proposes to use actual CAISO revenues as the market value of its two remaining CTC contracts for calculating the

[1] In compliance with D.03-12-063, the NGBA became effective January 1, 2004.

amount of contract costs to be recovered in ERRA, which may prevent any under/overcollections in ERRA that are resulting from the current CTC cost recovery mechanism.

SDG&E raised this issue in its opening comments filed August 16, 2023, in response to the *Administrative Law Judge Ruling Directing Parties to Comment Regarding Fixed Generation Costs* (August 1, 2023) in Track 2 of the 2024 ERRA Forecast proceeding (A.23-05-013). In the subsequent Track 2 scoping memo issued by the Commission on April 2, 2024, the Commission stated that the Investor-Owned Utilities' ("IOUs") specific items related to fixed generation costs "would be better addressed in separate proceedings."[2] Accordingly, and in keeping with the goal of preventing cost shifts between groups of customers, SDG&E raises the issue and proposed change in this 2025 ERRA Forecast filing.

The purpose of the LGBA is to record the revenues and costs of generation and other energy sources where the Commission has determined that the resource is subject to the Cost Allocation Mechanism ("CAM"). Such generation may take the form of purchase power agreements, company-owned generation units associated with new generation resources, and any other resources approved by the Commission for CAM treatment.

III. 2025 ERRA, CTC, AND LG REVENUE REQUIREMENT FORECASTS

As shown in Table 1 below, SDG&E's 2025 ERRA revenue requirement forecast is $461.379~~432.299~~ million, including forecasted GHG costs.[3] The direct testimony of SDG&E witness Mr. Jimmy Elias provides a detailed discussion of the GHG costs.

2 A.23-05-013, Assigned Commission's Scoping Memo and Ruling (April 2, 2024) at 6.

3 All figures in this testimony exclude Franchise Fees and Uncollectibles ("FF&U").

TABLE 1
ERRA REVENUE REQUIREMENT
($Millions of Dollars)

No.	Component	2025 Forecast		2024 Forecast		Change from Prior Year	
1.	[redacted]		[redacted]		[redacted]		[redacted]
2.	[redacted]	[redacted]		[redacted]		[redacted]	
3.	[redacted]	[redacted]		[redacted]		[redacted]	
4.	[redacted]	[redacted]		[redacted]		[redacted]	
5.	[redacted]		[redacted]		[redacted]		[redacted]
6.	[redacted]		[redacted]		[redacted]		[redacted]
7.	[redacted]		[redacted]		[redacted]		[redacted]
8.	[redacted]		[redacted]		[redacted]		[redacted]
9.	**TOTAL**		**461.379~~432.299~~**		**481.194**		**(19.815)~~(48.895)~~**

The forecasted cost components set forth in the line items contained in Table 1 above, and the reasons for the $(19.815)~~(48.895)~~ million decrease in the 2025 ERRA revenue requirement forecast – as compared to the 2024 ERRA revenue requirement (as submitted in the 2024 Forecast) – are addressed in Mr. Elias's testimony.

As shown in Table 2 below, SDG&E's 2025 CTC revenue requirement forecast is $2.282~~$2.113~~ million.

TABLE 2
CTC REVENUE REQUIREMENT
($Millions of Dollars)

No.	Component	2025 Forecast	2024 Forecast	Change from Prior Year
1.	QF Contracts	2.282~~2.113~~	4.918	(2.636)~~(2.805)~~
2.	**TOTAL**	**2.282~~2.113~~**	**4.918**	**(2.636)~~(2.805)~~**

As mentioned in my testimony above, SDG&E proposes to adopt a new cost recovery methodology for CTC-eligible resources. In this forecast filing, CTC-eligible purchase power contract expenses are now recorded to the ERRA up to the forecasted market value of the contract as represented by the forecasted CAISO revenues. The difference between the actual contract price and the forecasted CAISO revenues is included in the 2025 CTC forecast. Actual costs recorded to the ERRA and TCBA balancing accounts in 2025 will use actual CAISO revenues received.

As shown in Table 3 below, SDG&E's 2025 Local Generation Balancing Account ("LGBA") revenue requirement forecast is $192.101~~214.369~~ million.

TABLE 3
LGBA REVENUE REQUIREMENT
($Millions of Dollars)

No.	Component	2025 Forecast	2024 Forecast	Change from Prior Year
1.	Combined Heat & Power	[redacted]	[redacted]	[redacted]
2.	Energy Storage	[redacted]	[redacted]	[redacted]
3.	Peakers & Resource Adequacy	[redacted]	[redacted]	[redacted]
4.	Local Generation GHG	[redacted]	[redacted]	[redacted]
5.	CAM portion of MCAM	[redacted]	[redacted]	[redacted]
6.	**TOTAL**[4]	**192.101** **~~214.369~~**	**205.052**	**(12.951)~~9.317~~**

The LGBA was authorized in D.13-03-029. The LGBA records the LG costs and the revenues received from SDG&E's LG rate. On a monthly basis, the LGBA compares the LG costs with the revenues received. Interest is applied to any over- or under-collected balance at the three-month Commercial Paper rate. The LGBA utilizes sub-accounts for each generation resource. In addition, D.21-05-004 was approved on May 6, 2021, clarifying direct GHG costs of a resource are appropriately recorded in the balancing account to which cost recovery of the

4 Sums may not equal due to rounding.

underlying resource is approved. In accordance with the decision SDG&E has included GHG costs in the 2025 Forecast for LGBA.

IV. REQUEST TO RECOVER PROJECTED YEAR-END 2024 LGBA BALANCE

In this application, SDG&E requests recovery of the projected 2024 year-end balance recorded to LGBA of $(135.054~~103.124~~) million, adjusted for a one ~~two~~ year amortization of the investment tax credits as discussed below. In Ms. Wissman's testimony, SDG&E is requesting $(86.2~~51.6~~) million, which is the $(135.054~~103.124~~) million mentioned above less the $48.840~~51.524~~ million for 2024 investment tax credits to be captured in ~~2025~~ 2026 rates. This request is made pursuant to Resolution E-5217, which directs the IOUs to update projected year-end balances for each of its Regulatory Accounts in its annual year-end Consolidated Electric Revenue and Rate Change Advice Letter.[5] Therefore, SDG&E requests that the Commission authorize this sum to be included in its year-end Consolidated Electric Rate Change.

V. INVESTMENT TAX CREDITS

In August 2022, the United States congress passed the Inflation Reduction Act (IRA) which included Investment Tax Credits ("ITCs") for renewable energy infrastructure, including standalone energy storage technology. SDG&E has eight energy storage and microgrid projects that came online in 2023 and eight energy storage units that came online in 2024 that are eligible for these credits. SDG&E is eligible to claim the ITCs on these projects on its 2023 and 2024 federal tax returns, which are~~is~~ expected to be filed by~~in~~ October of each year~~ 2024~~. SDG&E intends to provide these benefits to customers via a reduction to the cost recovery~~same~~ account ~~as~~that corresponds to the capital projects, after the final amounts of the ITCs are determined at the time of filing the federal tax return. In December 2023, SDG&E included~~ the~~ estimated tax credits for the 2023 eligible units in the 2023 year-end PABA and LGBA balancing accounts of~~.~~

[5] Resolution E-5217 at Ordering Paragraph ("OP") 3.

~~The recorded amount of estimated tax credits in PABA is~~ $94.234 million and ~~in LGBA is~~ $102.963 million, respectively. The final amounts reflected in SDG&E's filing of 2023 federal tax returns for the 2023 eligible units are $96.626 million in PABA and $115.226 in LGBA. ~~recorded amounts will be updated in SDG&E's October Update filing to reflect final amounts captured in SDG&E's filing of 2023 federal tax returns.~~ The difference between the estimated tax credits and final tax credits of $2.392 million and $12.263 million are recorded in the 2024 year-end PABA and LGBA balancing accounts, respectively. SDG&E plans to apply the final 2023 tax credits towards customer rates in ~~over a two-year period starting~~ 2025. The estimated tax credits for the 2024 eligible units captured in the 2024 year-end LGBA balancing account is $48.840 million. SDG&E plans to apply final 2024 tax credits towards customer rates in 2026. The treatment of tax credits in customer rates is further discussed in the testimony of SDG&E witness Ms. Wissman.

VI. COMPARISON OF 2023 RECORDED VS ACTUAL YEAR-END BALANCES IN GHG BALANCING ACCOUNTS

In accordance with Finding of Fact 13 of D.14-10-033, utilities must reconcile forecast amounts with recorded amounts until all actuals are available for the forecast year. Consistent with this methodology, SDG&E provides a comparison of the 2023 year-end recorded/forecasted balances with the 2023 year-end actual balances in three GHG balancing accounts in Table 4 below. More specifically, (1) GHG allowance revenues are recorded in the GHG Revenue Balancing Account ("GHGRBA"); (2) expenses are recorded in the GHG Customer Outreach and Education Memorandum Account ("GHGCOEMA"); and (3) expenses are recorded in the GHG Administrative Costs Memorandum Account ("GHGACMA").

TABLE 4
COMPARISON OF 2023 RECORDED VS ACTUAL YEAR-END BALANCES IN GHG BALANCING ACCOUNTS

Line	Description	2023 Recorded[1] ($)	2023 Actual ($)	Difference
	(1) GHGRBA			
1	**Beginning Balance 1/1/2023**	(1,132,448)	(1,132,448)	-
2	Allowance Revenue	(189,801,672)	(214,387,613)	(24,585,941)
3	Revenue returned to customers	194,198,170	184,352,266	(9,845,904)
4	Franchise Fees and Uncollectibles	(2,327,885)	(2,209,861)	118,024
5	Transfer to GHGCOEMA and GHGACMA[2, 3]	-	83,000	83,000
6	Allowance Set Aside for Multi-Family Program[4]	(1,400,043)	13,367,722	14,767,765
7	Allowance Set Aside for DAC-SASH[5]	0	1,095,000	1,095,000
8	Interest	1,070,092	350,661	(719,431)
9	**Ending Balance 12/31/2023**	**606,214**	**(18,481,273)**	**(19,087,486)**
	(2) GHGCOEMA			
10	**Beginning Balance 1/1/2023**	(8,474)	(8,474)	-
11	Transfer from GHGRBA[2]	-	(25,000)	(25,000)
12	Expenses	(30,249)	(27,494)	2,755
13	Interest	(1,269)	(1,258)	11
14	**Ending Balance 12/31/2023**	**(39,992)**	**(62,226)**	**(22,234)**
	(3) GHGACMA			
15	**Beginning Balance 1/1/2023**	(53,416)	(53,416)	-
16	Transfer from GHGRBA[3]	-	(58,000)	(58,000)
17	Expenses	18,536	33,727	15,191
18	Interest	(2,052)	(1,899)	153
19	**Ending Balance 12/31/2023**	**(36,932)**	**(79,588)**	**(42,656)**

[1] Per A.23-05-013 (2024 ERRA Forecast Update October 13, 2023) Attachment G. Template D-1: Annual Allowance Revenue Receipts and Customer Returns; and Template D-3: Detail of Outreach and Administrative Expenses. Recorded amounts represent actual recorded activity from January through August 2023 and forecasted amounts from September through December 2023.
[2] The 2023 Actual column shows the approved 2024 GHGCOEMA forecast per D.23-12-021, which was approved in December 2023.
[3] The 2023 Actual column shows the approved 2024 GHGACMA forecast per D.23-12-021, which was approved in December 2023.
[4] This represents the program funding and true-ups for SOMAH. The 2023 Recorded column shows forecast funding and the Actual column shows the approved funding per D.23-12-021, which was approved in December 2023.
[5] This represents the program funding for DAC-SASH. The 2023 Recorded column shows forecast funding and actual column shows the approved funding per D.23-12-021, which was approved in December 2023.

VII. GREEN TARIFF SHARED RENEWABLE BALANCING ACCOUNT (GTSRBA)

Per D.15-01-051, SDG&E established the GTSRBA[6] to record the difference between the revenues collected from individual customers electing to participate in the GTSR program and the incremental costs incurred to serve customers participating in that program. The GTSR program consists of both a Green Tariff ("GT") component and an Enhanced Community Renewables ("ECR") component which are recorded in separate subaccounts within the GTSRBA. SDG&E's GTSR program (SDG&E branded as "EcoChoice") began in 2016 and recorded activity through 2022, as described in SDG&E's Annual GTSR Program Progress Report filed on March 15, 2023 (A.12-01-008).

On August 25, 2022, the CPUC issued a ruling in its Application, A.22-05-023 which suspended SDG&E's EcoChoice program.[7] Due to the suspension, SDG&E is not requesting any 2025 revenue requirement for GTSRBA. As of December 2023, the balance in GTSRBA is approximately $2.870 million. SDG&E is not requesting recovery of this balance at this time, because the Green Access Proceeding ("GAP") has not yet concluded.[8] In addition, SDG&E has not been directed to recover the ending balance or terminate the program.

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6 *See* SDG&E Advice Letter ("AL") 2889-E, approved June 23, 2016 and effective May 28, 2016.

7 A.22-05-023, Administrative Law Judge's Ruling Granting Request for Green Tariff Suspension (August 25, 2022) at OP 1.

8 *See generally,* A.22-05-023, Application of San Diego Gas & Electric Company to Review Green Access Programs Pursuant to Decisions D.18-06-027 and D.21-12-036 (May 21, 2022).

VIII. TREE MORTALITY NON-BYPASSABLE CHARGE BALANCING ACCOUNT (TMNBCBA)

Per D.18-12-003, SDG&E's AL 3343-E established the TMNBCBA to record the tree mortality related procurement costs.[9] As noted in D.18-12-003 at OP 9, the TMNBCBA cost will be recovered through the public purpose programs ("PPP") charge.

As shown in Table 5 below, SDG&E's 2025 TMNBCA revenue requirement forecast is [redacted] million, which is described in the testimony of Mr. Elias.

TABLE 5
TMNBCA REVENUE REQUIREMENT
($Millions of Dollars)

No.	Component	2025 Forecast	2024 Forecast	Change from Prior Year
1.	Contract Costs	[redacted]	[redacted]	[redacted]
2.	CAISO Revenues		[redacted]	[redacted]
3.	Renewable Energy Credits Sales	[redacted]	[redacted]	[redacted]
4.	Resource Adequacy Sales Revenues	[redacted]	[redacted]	[redacted]
5.	**TOTAL**	[redacted]	[redacted]	[redacted]

IX. SOLAR ON MULTIFAMILY AFFORDABLE HOUSING (SOMAH) PROGRAM

D.17-12-022, OP 4, at 69, states that the IOUs "each shall reserve 10% of the proceeds from the sale of greenhouse gas allowances defined in Public Utilities Code Section 748.5 through its annual ERRA proceedings for use in the Solar on Multifamily Affordable Housing Program, starting with its ongoing 2018 ERRA forecast proceeding." D.20-04-012 continued the authorization of funds allocated to the SOMAH program through June 30, 2026.

In D.22-09-009, the Commission approved the petition to modify D.17-12-022 and D.20-04-012 to simplify the process for forecasting and setting aside funding for the SOMAH Program.

[9] Two supplemental ALs were filed for AL 3343-E. AL 3343-E-A was submitted on April 19, 2019 and approved on July 19, 2019 with a July 2, 2019 effective date. AL 3343-E-B was submitted on May 31, 2019, approved on July 19, 2019 with an effective date of July 2, 2019.

D.22-09-009 requires the SOMAH values be substantiated to show that the combined budget of all the utilities named in the decision is equal to or more than $1 billion.

Pursuant to D.22-09-009, SDG&E presents the following Table 6 below which reflects that combined utility budgets.

TABLE 6 - COMBINED IOU GHG PROCEEDS TO DETERMINE SOMAH SHARE METHODOLOGY				
Line No.	IOU	2023 Recorded GHG Proceeds ($000)	2024 Recorded GHG Proceeds[(a)] ($000)	2025 Forecasted GHG Proceeds ($000)
1	PG&E	$544,616	$650,113	$907,824
2	SCE	$789,701	$985,139	$1,039,583
3	SDG&E	$214,387	$250,907	$271,311
4	Liberty	$6,282	$5,229~~22~~	N/A
5	PacifiCorp	$17,848	$18,908	N/A
6	**Total**	**$1,572,836**	**$1,910,296~~05,592~~**	**$2,218,719**
(a)	2024 Recorded GHG Proceeds includes January through March recorded, plus April through December forecast for each IOU. The final 2024 Recorded GHG Proceeds for all IOUs will be updated in the true-up advice letter to be filed by March 1, 2025.			

Because the combined IOU GHG proceeds exceed an estimated $100 million ($2.218 billion x 10% = $221.8 million), SDG&E utilized the set percentage adopted in D.22-09-009, Table 6 to set aside its SOMAH program funding from GHG proceeds for 2025 of $12.016 million.

A. 2025 SOMAH Program Funding True-Up

D.20-04-012 directs each utility to provide a table showing how they reached the balance of their SOMAH prior year true-up stating:

> Each utility shall include a true-up of the prior year's authorized SOMAH set-aside amount, listed separately from the forecast year amount, in their applicable November update filings. This true-up will compare the prior year's SOMAH set-aside to actual (i.e., not forecast) auction revenues, and adjust the total forecast amount to reflect actual auction revenues. The true-up information shall be presented in a table in the same format as the untitled table in D.20-02-047 at page 20.[10]

[10] D.20-04-012 at 10.

Accordingly, SDG&E presents the following Table 7, below, which reflects SDG&E's true-up of the prior year's authorized SOMAH set-aside amount:

TABLE 7 - SOMAH RECONCILIATION[11]

Calendar Year ERRA Forecast	Recorded GHG Allowance Revenues	Set-Aside Based On 10% of Recorded GHG Allowance Revenue or the Proportionate Amount of $100M	Previously Approved "Actual" Set-Aside	Difference (Actual Less Set-Aside Requirement)
2016[1]	$40,779,160	$4,077,916	$4,077,916	$0
2017[2]	$92,539,677	$9,253,968	$9,253,968	$0
2018[3]	$93,727,555	$9,372,756	$9,372,756	$0
2019[4]	$104,156,909	$10,415,691	$10,415,691	$0
2020[5]	$104,691,923	$10,469,192	$10,469,192	$0
2021[6]	$161,825,842	$14,517,611	$14,517,611	$0
2022[7]	$189,236,214	$13,549,896	$19,440,352[5]	$5,890,456
2023[8]	$214,387,613	$13,630,635	$12,015,972	$(1,614,663)
Total	**$1,001,344,893**	**$85,287,665**	**$89,563,458**	**$4,275,793**
	[1]$4,077,916 set-aside for 2016 ERRA approved in D.20-01-005. [2]$9,253,968 set-aside for 2017 ERRA approved in D.20-01-005. [3]$10,300,000 set-aside for 2018 ERRA approved in D.17-12-014; $(927,245) true-up for 2018 approved in D.20-01-005. [4]$10,115,640 set-aside for 2019 ERRA approved in D.18-12-016; $199,565 true-up for 2019 approved in D.20-01-005; $100,486 true-up for 2019 approved in D.21-01-017. [5]$5,618,639 set-aside for 2020 approved in D.20-01-005; $5,820,202 true-up for Jul-Dec 2020 approved in D.21-01-017; $(760,623) true-up for Jan-Jun 2020 approved in D.21-01-017; $(209,026) true-up for Oct-Dec 2020 approved in D.21-12-040. [6]$11,583,644 set-aside for 2021 approved in D.21-01-017; $2,933,967 true-up for 2021 approved in D.22-12-042. [7]$19,440,352 set-aside for 2022 approved in D.21-12-040. The $(5,890,456) true-up will be returned in A.24-05-010~~XXX~~. [8]$12,015,972 set-aside for 2023 approved in D.21-12-040. The $1,614,663 true-up will be set aside in A.24-05-010~~XXX.~~			

X. DAC-SASHBA

The purpose of the DAC-SASHBA is to balance allocated GHG allowance revenues and program costs. The DAC-SASH Balancing Account was established in 2019 in D.18-06-027 and Advice Letter 3410-E. D.18-06-027 at OP 8 states that the DAC-SASH program will be funded

[11] SDG&E submitted Table 7 to correspond to the SOMAH Program Funding True-up for 2023 in the Supplemental GHG Advice Letter 4392-E-A. The revised table reflects what has been submitted to the Energy Division for the SOMAH Program Funding True-up through 2023. Excludes FF&U.

with GHG allowance proceeds if available and recovered through the PPP mechanism if GHG allowance proceeds are unavailable.

The associated direct testimony of SDG&E witness Mr. Elias states that the total DAC-SASH program funding is estimated to be $1.095 million. The forecasted 2025 GHG allowance revenues available for clean energy and energy efficiency programs will be sufficient to cover this sum after setting aside funding for the SOMAH Program.

XI. PORTFOLIO ALLOCATION BALANCING ACCOUNT (PABA)

Pursuant to D.18-10-019 and Advice Letter 3318-E,[12] the purpose of the PABA is to record the "above-market" costs and revenues associated with all generation resources that are eligible for cost recovery through the PCIA rates, including SDG&E's Utility-Owned Generation ("UOG"). Costs recorded in each vintage subaccount will include, but are not limited to, fuel, GHG costs, third party power purchase contracts costs, and UOG's revenue requirement.

SDG&E's 2025 PABA revenue requirement forecast includes the fuel costs for its electric generation facilities, including Miramar Energy Facility I ("Miramar I"), Miramar Energy Facility II ("Miramar II"), Palomar Energy Center ("Palomar"), Desert Star Energy Center ("Desert Star"), and the Cuyamaca Peak Energy Plant ("Cuyamaca"). The actual fuel costs of Miramar I, Miramar II, Palomar, Desert Star, and Cuyamaca are recorded in the PABA for recovery through commodity rates.

TABLE 8
PABA REVENUE REQUIREMENT
($Millions of Dollars)

No.	Component	2025 Forecast[13]	2024 Forecast	Change from Prior Year

[12] *See* SDG&E AL 3318-E, filed on December 10, 2018, approved on May 30, 2019 and effective January 1, 2019.

[13] Table 8 does not include the 2024 Year End Forecasted PABA balance of $(352.818~~154.178~~) million, as shown in Attachment C in Ms. Miller's testimony.

1.	Supply ISO Revenues	[redacted]	[redacted]	[redacted]
2.	Contract Costs (non-CTC)	[redacted]	[redacted]	[redacted]
3.	Generation Fuel	[redacted]	[redacted]	[redacted]
4.	GHG Costs	[redacted]	[redacted]	[redacted]
5.	**TOTAL**	**(71.901)~~127.722~~**	**(33.223)**	**(38.678)~~160.946~~**

As Table 8 indicates, SDG&E's 2025 PABA revenue requirement forecast is $(71.901)~~127.722~~ million.[14] In addition, D.19-10-001 authorized the recovery of the PABA prior year-end balance to be recovered through the ERRA Forecast filing. SDG&E requests recovery of the projected 2024 year-end balances recorded to PABA of $(352.818~~154.178~~) million, as shown in SDG&E witness Ms. Sheri Miller's testimony workpapers. The proposed 2024 PABA year-end balance is projected based on eight ~~three~~ months of actuals (January through August~~March~~ of 2024) and four~~nine~~ months of forecasted expenses and revenues. ~~The forecasted year-end balance will be updated in SDG&E's October Update filing and will include actual recorded entries from January through August. Furthermore,~~ The~~the~~ PABA year-end balance will be updated in SDG&E's annual year-end process pursuant to Resolution E-5217. ~~In Ms. Wissman's testimony, SDG&E is requesting $(107.06) million, which is the $(154.178) million mentioned above less the $47.118 million for investment tax credits captured in 2025.~~

Pursuant to D.22-01-023, SDG&E shall transfer the 2024 ending balance of ERRA to the most recent subaccount of PABA. The projected 2024 year-end balance of ERRA is $130.542~~34.093~~ million and will be updated in ~~SDG&E's October Update filing as well as~~ SDG&E's annual year-end process pursuant to Resolution E-5217.

[14] The PABA revenue requirement figure in this testimony differs from that presented in the direct testimony of SDG&E witness Ms. Wissman because the PABA revenue requirement in this testimony does not include the above-market costs of utility owned generation (UOG) that will be transferred to PABA. UOG costs are approved in SDG&E's GRC proceedings and therefore SDG&E is not requesting any changes to the total UOG costs in this ERRA Forecast Application.

XII. POWER CHARGE INDIFFERENCE ADJUSTMENT (PCIA) UNDERCOLLECTION BALANCING ACCOUNT (CAPBA)

Pursuant to D.18-10-019 and Advice Letter 3436-E,[15] the purpose of the CAPBA is to record the obligation that accrues for departing load ("DL") customers in the event that the half-cent per kWh PCIA rate cap is reached. The CAPBA is comprised of a subaccount for each customer vintage, as well as a specific bundled subaccount, which capture the shortfall amount that is financed by bundled customers for DL customers when the DL PCIA rate is capped, and the repayment amount from DL customers to bundled customers.

D.21-05-030 in the PCIA Order Instituting Rulemaking, R.17-06-026, the Commission removed the PCIA rate cap and required SDG&E to dispose of any remaining CAPBA balance in PCIA Rates. SDG&E filed a 2020 CAPBA Trigger application (A.20-07-009) in July 2020. To reduce the volatility that would result from incorporating the CAPBA Trigger revenues into PCIA rates, the Commission adopted an amortization for the CAPBA Trigger balance, to amortize the total balance of $8.92 million in 2021, 2022, and 2023 PCIA rates. Accordingly, SDG&E's 2020 CAPBA was implemented and amortized on March 1, 2021, through December 31, 2023.

D.23-12-021 authorized SDG&E's request to transfer any remaining balance in the CAPBA subaccounts to the corresponding PABA vintage subaccounts and close the CAPBA preliminary statement.[16] SDG&E is not requesting any 2025 revenue requirement for CAPBA. In December 2023, the CAPBA undercollected balance of $1.265 million was transferred to PABA, effectively closing the CAPBA.

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[15] *See* SDG&E AL 3436-E, filed on September 30, 2019, and approved on October 30, 2019.

[16] D.23-12-021 at 23-24, (citing to D.22-12-042 at 32 to 33.).

XIII. MODIFIED COST ALLOCATION MECHANISM BALANCING ACCOUNT (MCAMBA)

In D.19-11-016, the Commission required the IOUs to procure additional generation capacity on behalf of other load-serving entities ("LSEs") in their service territories that elected to opt-out of self-procurement ("opt out procurement") or failed to acquire their share of the required capacity after electing self-procurement ("backstop procurement"). Please refer to Ms. Wissman's testimony for required LSE's procurement in greater detail.

Pursuant to D.22-05-015 and Advice Letter 4043-E,[17] the purpose of MCAMBA is to record the net costs related with the procurement of energy resources by SDG&E incurred on behalf of certain LSEs in the following circumstances: (1) opt-out procurement-related costs, including incremental administrative costs for customers of LSEs that have opted out of self-procurement; (2) backstop procurement-related costs, including incremental administrative costs for customers of LSEs that fail to provide the capacity required by D.19-11-016 and/or D.21-06-035; and (3) opt-out LSEs that have left the market and no longer serve customers.

On January 12, 2023, the Commission issued Resolution E-5241 approving SDG&E's cost recovery to implement MCAM.[18] As such, in 2023 SDG&E implemented its MCAM balancing account and transferred the costs from Resource Adequacy Procurement Memorandum Account ("RAPMA") to this account.[19]

As shown in Table 9 below, SDG&E's 2025 MCAMBA revenue requirement forecast is $0.132~~0.312~~ million.

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[17] *See* SDG&E AL 4043-E, filed on July 18, 2022, approved January 25, 2023 and effective on January 12, 2023.

[18] Resolution E-5241 at OP 1.

[19] *See* Resolution E-5117. RAPMA is an interim memorandum account that existed to record costs until the MCAMBA was created and approved in D.22-05-015.

TABLE 9
MCAMBA REVENUE REQUIREMENT
($Millions of Dollars)

No.	Component	2025 Forecast	2024 Forecast	Change from Prior Year
1.	Load ISO Charges	[redacted]	[redacted]	[redacted]
2.	Supply ISO Revenues	[redacted]	[redacted]	[redacted]
3.	Contract Costs (non-CTC)	[redacted]	[redacted]	[redacted]
4.	RA Sales	[redacted]	[redacted]	[redacted]
5.	**TOTAL**	**0.132~~312~~**	**0.413**	**(0.282~~101~~)**

XIV. SONGS UNIT 1 OFFSITE SPENT FUEL STORAGE

In this application, ~~SDG&E requests authorization of the~~ the forecasted SONGS Unit 1 Offsite Spent Fuel Storage costs revenue requirement is $0 ~~of $1.285 million~~ for 2025, which are described in Mr. Elias's testimony. The authorized revenue requirement is tracked in SDG&E's Nuclear Decommissioning Adjustment Mechanism account.

XV. BIOMAT NON-BYPASSABLE CHARGE BALANCING ACCOUNT (BNBCBA)

Pursuant to D.20-08-043, the purpose of the BNBCBA is to provide full recovery of the net costs of the Bioenergy Market Adjusting Tariff ("BioMAT") procurement costs for the BioMAT program. D.20-08-043 imposes a non-bypassable charge ("NBC") on all customers in each IOUs' service territory. The revenues from this NBC and the net costs of the BioMAT contracts shall be recorded in the BNBCBA.

The IOUs are required to retain the BioMAT contract Resource Adequacy ("RA") and Renewable Portfolio Standard (RPS) attributes for bundled customer compliance requirements per Public Utilities Code Section 399.20(h) and (i). The BNBCBA shall therefore reflect credits for the market value of these attributes, which will be calculated using the latest Commission approved market price benchmarks that are provided by Energy Division annually as part of the Power Charge Indifference Adjustment regulatory process.

Pursuant to D.23-11-084, each Community Choice Aggregator's BioMAT program costs, net of Resource Adequacy and Renewable Portfolio Standard attribute costs, will be recovered from customers through SDG&E's NBC included in PPP rates. As of the date of this testimony, there are no costs recorded in the BNBCBA. ~~If costs are subsequently recorded and approved by the Commission during the year, then SDG&E will include the updated balance for recovery as part of the October Update.~~

XVI. SUMMARY

My testimony presents and requests the Commission's approval of the following revenue requirements for which SDG&E seeks recovery in this application:

- the 2025 ERRA revenue requirement forecast of $461.379~~432.299~~ million (which includes forecasted GHG costs);
- the 2025 CTC revenue requirement forecast of $2.282~~113~~ million;
- the 2025 LGBA revenue requirement forecast of $192.101~~214.369~~ million;
- the 2025 TMNBC revenue requirement forecast of [redacted] million;
- the 2025 PABA revenue requirement forecast of $(71.901)~~127.722~~ million;
- the 2025 MCAM revenue requirement forecast of $0.132~~312~~ million;
- the 2024 forecasted year-end overcollected balance of LGBA of $(135.054~~103.124~~) million;
- the 2024 forecasted year-end undercollected balance of ERRA of $130.542~~34.093~~ million;
- the 2024 forecasted year-end overcollected balance of PABA of $(352.818~~154.178~~) million; and
- the 2025 SONGS Unit 1 Offsite Spent Fuel Storage costs revenue requirement forecast of $0~~1.285 million~~.

The amounts above projected for the ERRA, PABA and LGBA year-end balances will be updated in SDG&E's annual year-end process pursuant to Resolution E-5217. Finally, my testimony also presents the comparison of the 2023 recorded/forecasted vs. actual year-end balances in the GHG allowance revenues and expenses balancing accounts.

This concludes my updated prepared direct testimony.

XVII. QUALIFICATIONS

My name is LaRee Felan. My business address is 8315 Century Park Court, San Diego, California 92123. I am employed by SDG&E as a Principal Accountant Supervisor in the Settlements and Systems Department in the Electric and Fuel Procurement organization. My responsibilities include approval of electric and gas commodity invoices, monthly journal entries, and preparation and review of various compliance filings. I assumed my current position in August 2023.

I have been employed by SDG&E since 2011 and have held various positions in Audit Services, Financial & Business Planning, Supply Management, and Advanced Technology Integration. My experiences include overseeing the monthly close processes, preparing financial plans, performing variance analysis, and preparing regulatory filings.

I received a Bachelor of Science degree in Business Administration with an emphasis in Finance from California State University San Marcos.

I have not previously testified before the California Public Utilities Commission.

ATTACHMENT A

DECLARATION OF LAREE FELAN

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

DECLARATION
OF LAREE FELAN

A.24-05-010
Application of San Diego Gas & Electric Company (U 902-E)
for Approval of its 2025 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts

I, LaRee Felan, declare as follows:

1. I am the Principal Accountant Supervisor for San Diego Gas & Electric Company ("SDG&E"). I included my Updated Prepared Direct Testimony ("Testimony") in support of SDG&E's October 21, 2024 Update to Application for Approval of its 2025 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts ("Application"). Additionally, as a Principal Accountant Supervisor, I am thoroughly familiar with the facts and representations in this Declaration, and if called upon to testify I could and would testify to the following based upon personal knowledge.

2. I am providing this Declaration to demonstrate that the confidential information ("Protected Information") in support of the referenced Testimony and Application falls within the scope of data provided confidential treatment in the IOU Matrix ("Matrix") attached to the Commission's Decision ("D.") 06-06-066 (the Phase I Confidentiality decision). Pursuant to the procedure adopted in D.08-04-023, I am addressing each of the following five features of Ordering Paragraph 2 of D.06-06-066:

- that the material constitutes a particular type of data listed in the Matrix;
- the category or categories in the Matrix the data correspond to;

- that SDG&E is complying with the limitations on confidentiality specified in the Matrix for that type of data;

- that the information is not already public; and

- that the data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure.

3. The Protected Information contained in my Testimony constitutes material, market sensitive, electric procurement-related information that is within the scope of Section 454.5(g) of the Public Utilities Code.[1] As such, the Protected Information is allowed confidential treatment in accordance with the Matrix, as follows:

Location of Protected Information	Matrix Reference	Reason for Confidentiality and Retention Period
Amounts highlighted in yellow in Table 1 of testimony named "ERRA Revenue Requirement"	I.A.4 II.A.2 II.B.1 II.B.3 II.B.4 V.C	Long-term Fuel (gas) Buying and Hedging Plans; confidential for three years. Utility Electric Price Forecasts; confidential for three years. Generation Cost Forecasts of Utility Retained Generation; confidential for three years. Generation Cost Forecasts of QF Contracts; confidential for three years. Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years. LSE Total Energy Forecast; confidential for the front three years.
Amounts highlighted in yellow in Table 3 of testimony named "LGBA Revenue Requirement"	II.B.1 II.B.3 II.B.4	Generation Cost Forecasts of Utility Retained Generation, confidential for three years. Generation Cost Forecasts of QF Contracts; confidential for three years. Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years.

[1] In addition to the details addressed herein, SDG&E believes that the information being furnished in my Testimony is governed by Public Utilities Code Section 583 and General Order 66-D. Accordingly, SDG&E seeks confidential treatment of this data under those provisions, as applicable.

Location of Protected Information	Matrix Reference	Reason for Confidentiality and Retention Period
Amounts highlighted in yellow in Section VIII and Table 5 of testimony named "TMNBCA Revenue Requirement"	II.B.4	Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years.
Amounts highlighted in yellow in Table 8 of testimony named "PABA Revenue Requirement"	II.A.2 II.B.1 II.B.3 II.B.4	Utility Electric Price Forecasts; confidential for three years. Generation Cost Forecasts of Utility Retained Generation; confidential for three years. Generation Cost Forecasts of QF Contracts; confidential for three years. Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years.
Amounts highlighted in yellow in Table 9 of testimony named "MCAMBA Revenue Requirement"	II.A.2 II.B.1 II.B.3 II.B.4 V.C	Utility Electric Price Forecasts; confidential for three years. Generation Cost Forecasts of Utility Retained Generation; confidential for three years. Generation Cost Forecasts of QF Contracts; confidential for three years. Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years. LSE Total Energy Forecast; confidential for the front three years.

4. I am not aware of any instances where the Protected Information has been disclosed to the public. To my knowledge, no party, including SDG&E, has publicly revealed any of the Protected Information.

5. SDG&E will comply with the limitations on confidentiality specified in the Matrix for the Protected Information.

6. The Protected Information cannot be provided in a form that is aggregated,

partially redacted, or summarized, masked or otherwise protected in a manner that would allow further disclosure of the data while still protecting confidential information.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 21st day of October, 2024, at San Diego, California.

LaRee Felan

____
LaRee Felan
Principal Accountant Supervisor
San Diego Gas & Electric Company

ATTACHMENT B

DECLARATION OF AARON FRANZ REGARDING CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS PURSUANT TO D.16-08-024, *et al.*

BEFORE THE PUBLIC UTILITIES
COMMISSION OF THE STATE OF CALIFORNIA

DECLARATION
OF AARON FRANZ

A.24-05-010
Application of San Diego Gas & Electric Company (U 902-E)
For Approval of Its 2025 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts

I, Aaron Franz, declare as follows:

1. I am the Manager of the Settlements & Systems department for San Diego Gas & Electric Company ("SDG&E"). I have been delegated authority to sign this declaration by Adam Pierce, Vice President of Energy Procurement & Rates. I have reviewed LaRee Felan's Updated Prepared Direct Testimony ("Testimony") in support of SDG&E's "Update to Application for Approval of its 2025 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts" ("Application"). I am personally familiar with the facts and representations in this Declaration and, if called upon to testify, I could and would testify to the following based upon my personal knowledge and/or information and belief.

2. I hereby provide this Declaration in accordance with Decisions ("D.") 14-10-003, D.16-08-024, D.17-05-035, and D.17-09-023 to demonstrate that the confidential information ("Protected Information") provided in the Testimony is within the scope of data protected as confidential under applicable law. In accordance with the legal authority described herein, the Protected Information should be protected from public disclosure.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

Executed this 21st day of October, 2024, at San Diego.

*/s/ Aaron Franz*____________________
Aaron Franz
Manager, Settlements & Systems

ATTACHMENT A

SDG&E Request for Confidentiality
on the following information in its Update to Application for Approval of its 2025 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts

Location of Protected Information (designated i Yellow Highlight)	Legal Authority	Narrative Justification
Table 1, line 8: Direct GHG Costs	D.14-10-033; D.16-08-024; D.17-05-035; D.17-09-023; Public Utilities Code Section 454.5(g). California Code of Regulations, Title 17, Section 95914(c)(1)	GHG emissions forecasts: Providing these forecasts to market participants would allow them to know SDG&E's forecasted GHG obligation, thereby compromising SDG&E's contractual bargaining power such that customer costs are likely to rise. Thus, the release of this non-public confidential information will unjustifiably allow market participants to use this information to the disadvantage of SDG&E's customers.
Table 3, line 4: Local Generation GHG	D.14-10-033; D.16-08-024; D.17-05-035; D.17-09-023; Public Utilities Code Section 454.5(g). California Code of Regulations, Title 17, Section 95914(c)(1)	GHG emissions forecasts: Providing these forecasts to market participants would allow them to know SDG&E's forecasted GHG obligation, thereby compromising SDG&E's contractual bargaining power such that customer costs are likely to rise. Thus, the release of this non-public confidential information will unjustifiably allow market participants to use this information to the disadvantage of SDG&E's customers.

Table 8, line 4: GHG Costs	D.14-10-033; D.16-08-024; D.17-05-035; D.17-09-023; Public Utilities Code Section 454.5(g). California Code of Regulations, Title 17, Section 95914(c)(1)	GHG emissions forecasts: Providing these forecasts to market participants would allow them to know SDG&E's forecasted GHG obligation, thereby compromising SDG&E's contractual bargaining power such that customer costs are likely to rise. Thus, the release of this non-public confidential information will unjustifiably allow market participants to use this information to the disadvantage of SDG&E's customers.