

Application No.: A.24-12-____
Exhibit No.: SDGE-04
Witnesses: Jack M. Guidi
Marvin K. Tong
Lauren L. Saket
Eric L. Dalton

PREPARED DIRECT TESTIMONY

ON BEHALF OF

SAN DIEGO GAS & ELECTRIC COMPANY

(Financial Modeling, Trust Fund Contributions, Tax Issues and Regulatory Accounting)



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

December 6, 2024

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**PREPARED DIRECT TESTIMONY
ON BEHALF OF SDG&E**

**I. AMOUNT OF NUCLEAR DECOMMISSIONING TRUST FUND
CONTRIBUTIONS (J. GUIDI)**

A. Introduction

The purpose of my testimony is to review, update and provide support that San Diego Gas & Electric Company (“SDG&E”) San Onofre Nuclear Generating Station (“SONGS”) Units 1 – 3 (“SONGS 1 – 3”) Nuclear Decommissioning Trusts (“NDT”, “NDTs”, or “Trusts”)¹ are adequately funded for this triennial period and no further customer contributions are required at this time.

B. Present Funding Levels and Trust Balances for SONGS 1 - 3

Neither SDG&E nor its customers currently contribute funds to its SONGS Unit 1 (“SONGS 1” or “Unit 1”) NDTs. As of December 31, 2023, the market value of SDG&E’s NDTs for SONGS 1 was \$146.4 million.² This equates to a liquidation value, after fees and taxes, of \$145.0 million. The liquidation value of the NDTs represents the amount of funds available to fund decommissioning activities.

SDG&E does not currently contribute funds to its SONGS Units 2&3 (“SONGS 2&3” or “Units 2&3”) NDTs. As of December 31, 2023, the market value of SDG&E’s Trusts for SONGS Unit 2 (“SONGS 2” or “Unit 2”) was \$326.5 million and SONGS Unit 3 (“SONGS 3” or “Unit 3”) was \$399.1 million. This equates to a liquidation value, after fees and taxes, of

¹ This includes the Non-Qualified and Qualified trusts for SONGS 1 & 2 and the Qualified trust for SONGS 3. SONGS 3 only has funding in the Qualified trust at this time.

² The total trust balance for all three Units was publicly reported in SDG&E’s 10-K, filed on February 27, 2024.

1 \$302.5 million for SONGS 2 and \$367.3 million for SONGS 3. The liquidation value of the
2 Trusts represents the amount of funds available to fund decommissioning activities.

3 **C. Calculating Annual Decommissioning Contributions**

4 There are four key elements used in determining the annual ratepayer contribution
5 amount: (1) trust fund liquidation values, (2) current-dollar decommissioning cost studies,
6 (3) cost escalation rates,³ and (4) after-tax rates of return. Annual cost escalation rates convert
7 the DCE from current dollars to the dollars of the year when they will actually be incurred, and
8 these future cost estimates are treated as withdrawals from the trust fund balances. The
9 estimated after-tax rates of return are used to calculate the expected growth in the
10 decommissioning trust fund balances. SDG&E currently forecasts that the Trusts contain
11 sufficient funds to complete SDG&E's share of SONGS Units 1 - 3 decommissioning, and as a
12 result, SDG&E proposes that ratepayer contributions to the Trusts remain at zero (\$0.00) at the
13 present time.

14 Using the current financial assumptions and the resulting liquidation value of the NDTs,
15 the SCE 2024 SONGS 1 DCE,⁴ projected escalation of decommissioning costs, SDG&E-only
16 costs, and estimated trust returns net of management fees, SDG&E forecasts that the NDTs
17 contain sufficient funds to complete SDG&E's 20 percent share of SONGS Unit 1
18 decommissioning and to cover SDG&E-only costs. Therefore, SDG&E proposes to maintain the
19 annual ratepayer contribution rate at zero (\$0.00). This is based on SDG&E's 20 percent share of
20 the SCE 2024 SONGS 1 DCE as well as SDG&E-only costs, for a total of \$47.2 million (2023\$),

³ SDG&E uses the same cost escalation rates for this testimony that Southern California Edison Company ("SCE") uses.

⁴ The SCE 2024 SONGS 1 DCE as provided in Exhibit ("Ex.") SCE-04.

1 for the years 2024 - 2056.⁵ This calculation includes SDG&E's 20 percent share of the DCE, as
2 well as the SDG&E-only costs outlined in Attachment A to Ex. SDGE-03.

3 Using the current liquidation value of the Trusts, the 2024 SONGS 2&3 DCE,⁶ projected
4 escalation of decommissioning costs, SDG&E-only costs, and estimated trust returns net of
5 management fees, SDG&E forecasts that the Trusts contain sufficient funds to complete
6 SDG&E's 20 percent share of SONGS 2&3 decommissioning and to cover SDG&E-only costs.
7 Therefore, SDG&E proposes the annual ratepayer contribution rate remain at zero (\$0.00) at this
8 time.

9 SDG&E's share of SONGS decommissioning costs is estimated to be \$279.0 million
10 (2023\$) for SONGS 2 and \$334.1 million (2023\$) for SONGS 3, for the years 2024 - 2056. This
11 calculation includes SDG&E's 20 percent share of the DCE, as well as the SDG&E-only costs
12 outlined in Attachment A to Ex. SDGE-03.

13 However, it should be noted that the funding requirements for the trusts could change in
14 the future based on many factors, including but not limited to, changes in economic conditions,
15 changes in timing of and/or amount of decommissioning costs, changes in interest rates, and
16 changes in escalation rates. In addition, SDG&E's request for \$0.00 (zero) contributions at this
17 time is not, and should not be viewed as, a waiver of any future requests by SDG&E for
18 additional ratepayer contributions to the Trusts. Similar to SCE, SDG&E proposes that the
19 Commission allow the option of updating SDG&E's NDT fund balances, financial assumptions
20 and contribution levels accordingly, as fund balances can change considerably between the time
21 when the application is filed and the time when the Commission issues its final decision.

⁵ The contribution model employs decommissioning costs for SONGS 1-3 in 2023 base dollars to calculate contribution requirements.

⁶ The HKA 2024 DCE, dated August 05, 2024, provided as Appendix B to Ex. SCE-04.

1 **II. FINANCIAL ASSUMPTIONS AND RATE OF RETURN (M. TONG)**

2 **A. Introduction**

3 In this testimony, I address the financial assumptions, rate of return, and overall
4 investment management of SDG&E's NDTs.

5 **B. Trust Funds**

6 California statute and the California Public Utilities Commission ("CPUC" or "the
7 Commission") require SDG&E to establish externally managed trust funds as the vehicles for
8 accumulating funds for the decommissioning of SONGS. SDG&E established one trust as the
9 vehicle to hold the decommissioning funds for contributions that qualify for an income tax
10 deduction under Section 468A of the Internal Revenue Code ("Qualified Trust"). SDG&E also
11 established one Non-Qualified Trust, which does not qualify for an income tax deduction under
12 Section 468A of the IRC ("Non-Qualified Trust"). SDG&E refers to the Qualified Trust and the
13 Non-Qualified Trust for SONGS 1, 2 and 3 collectively as "the Trust."

14 **C. Portfolio Management and Asset Allocations**

15 The SDG&E Nuclear Decommissioning Trust Fund Committee ("Committee") engaged
16 LCG Associates to perform an asset allocation study ("Study") of the SONGS 2&3 Qualified
17 Trust to review the equity scale down and investment allocations based on the increase in funded
18 status and the expected cash flows as per the Decommissioning Cost Estimate ("DCE") prepared
19 by HKA Global, LLC ("HKA"). Based on this Study the Committee decided to continue the
20 scale down out of equities for SONGS 2&3 and reduced the equity allocation in February 2020
21 from 48% to 42%. This was in-line with the approved asset allocations and glidepath discussed
22 below in 2017.⁷ In March 2023, LCG conducted an update to the asset allocation study given the

⁷ SONGS 1 scaled down its equity asset allocation in mid-2017.

1 negative market environment and higher inflation environment in 2022. It was determined that
2 the current approved glidepath and asset allocation were still appropriate.

3 SDG&E's Trust allocations are targeted to minimize downside risk while maintaining a
4 margin of safety at the end of the decommissioning to account for unexpected costs. SDG&E
5 forecasts a five-year scale down out of equities for SONGS 2&3. The purpose of SDG&E's
6 equity scale-down is to reduce equity market risk in the years immediately prior to and during
7 the years in which substantial decommissioning costs are expected to be incurred. The overall
8 asset allocation has remained constant, such that the allocation to equity will remain at 42%
9 through 2026. By 2027, SDG&E's SONGS 2&3 Qualified Trust will be allocated approximately
10 30 percent to equities and 70 percent to fixed income. The Qualified Trust will maintain the
11 30% equity allocation until 2048 when the equity portfolio will be fully liquidated, and all trust
12 funds will be invested 50% in municipal bonds and 50% in short duration fixed income for the
13 remaining years of decommissioning.

14 SDG&E will continue to invest the equity portion of its SONGS 2&3 Qualified Trust in
15 domestic and international securities. The weighting to domestic equity and international equity
16 will continue to be approximately 70 percent and 30 percent, respectively.

17 SDG&E will invest its fixed income portion of its SONGS 2&3 Qualified Trust in
18 intermediate municipal bonds, intermediate credit, and high-quality short duration securities.
19 The weighting to intermediate municipal bonds and intermediate credit will be split evenly
20 across the two asset classes. The weighting to high quality short duration securities will vary
21 depending upon 12 month rolling liquidity requirements.

22 Both SDG&E's SONGS 1 Qualified Trust and SONGS 1 Non-Qualified Trust are
23 currently allocated 100 percent to fixed income. The investments in SDG&E's SONGS 2&3

1 Qualified Trust are currently allocated approximately 42 percent to equities and 58 percent to
2 fixed income. The SONGS 2 Non-Qualified Trust will remain exclusively invested in municipal
3 bonds.

4 **D. Rates of Return**

5 Based on a simple weighted average of long-term capital market assumptions provided
6 by four investment consulting firms (*i.e.*, Mercer, Aon-Hewitt, Willis Towers Watson, and LCG
7 Associates), SDG&E estimated projected returns for each asset class in the Qualified and Non-
8 Qualified Trust. From 2024 to 2047 the projected Qualified Trust pre-tax returns are 7.75
9 percent and 4.42 percent for equity and fixed income, respectively. From 2048 through 2053 the
10 projected Qualified Trust fixed income pre-tax return is 3.99 percent.

11 The Non-Qualified Trust is 100 percent invested in municipal bonds; therefore, SDG&E
12 does not have an equity return assumption for the Non-Qualified Trust. The updated pre-tax
13 return is 3.90 percent for the Non-Qualified Trust.

14 **III. REQUIREMENTS REGARDING THE TRUST FUND COMMITTEE (M. TONG)**

15 In D.14-12-082, the Commission established certain requirements on SDG&E to ensure
16 that Nuclear Decommissioning Trust Fund Committee members receive timely information.

17 Ordering Paragraph 13 of D.14-12-082 states:

18 Southern California Edison Company, San Diego Gas & Electric Company, and
19 Pacific Gas and Electric Company shall ensure that their respective Nuclear
20 Decommissioning Trust Fund Committee members timely receive the following
21 information:

- 22 • Audited financial statements for the decommissioning trust funds;
- 23 • Initiation of investment fund manager searches;
- 24 • Decommissioning cost schedules, including acceleration or any other significant
25 changes;
- 26 • Approval of nuclear facility license extension; and

- Withdrawals of Trust Funds for decommissioning expenses.

SDG&E has complied with the requirements in D.14-12-082 as described below:

- 1) Annual U.S. GAAP compliant audited financial statements for the decommissioning trust funds are sent to Committee members as statements are available. Quarterly audited statements from our custodian are submitted to the Committee each quarter. These were last submitted to the Committee at the October 9, 2024, meeting.
- 2) The Committee approves of the initiation of all investment manager searches. This typically occurs when the Committee changes the overall asset allocation or terminates an investment fund manager. In addition, quarterly performance reports detail investment manager returns and attribution.
- 3) SDG&E provides periodic updates to the Committee on decommissioning cost schedules, including cost acceleration or any other significant changes. SDG&E presents detailed decommissioning cost estimates, as appropriate, to the Committee when conducting asset liability modeling studies. This was most recently conducted in October 2024 to review the updated projected cash flows, which are an input in the asset liability modeling process.
- 4) The license extension requirement for SONGS is not applicable since the facility is being decommissioned.
- 5) SDG&E has informed the Committee of withdrawals of trust funds for decommissioning expenses on a quarterly basis as part of the reporting on funded status of each Trust. Trust withdrawals and expenses are included in the audited financial statements.

1 **IV. TAX-RELATED MATTERS (L. SAKET)**

2 **A. Treatment of the Nuclear Decommissioning Trusts**

3 In this testimony, I address the tax treatment of the NDTs. SDG&E maintains external
4 funds for the sole purpose of satisfying SDG&E's obligation to fully decommission its portion of
5 the SONGS units. These external funds are maintained in trusts that are subject to a Qualified
6 Master Trust Agreement or a Non-Qualified Master Trust Agreement that govern separate trust
7 accounts for each of the nuclear power plant units.⁸ The Qualified Master Trust Agreement
8 applies to tax-advantaged trusts that satisfy the requirements of Internal Revenue Code ("IRC")
9 Section 468A. The Non-Qualified Master Trust Agreement applies to trusts that do not have to
10 satisfy the requirements of IRC Section 468A.

11 **1. Qualified Trusts**

12 Approximately 96% of SDG&E's trust funds are held in Qualified Trusts.⁹ Qualified
13 Trusts are tax-advantaged trusts that must meet the requirements of IRC Section 468A and its
14 related Treasury Regulations. The tax-advantaged attributes include the ability of SDG&E to
15 deduct amounts contributed into Qualified Trusts at the time of contribution. In addition, the
16 Federal income tax rate for Qualified Trusts when investment gains are realized is 20%, instead
17 of the Federal corporate income tax rate of 21%.

18 Regulations promulgated under IRC Section 468A by the Internal Revenue Service
19 ("IRS") and the U.S. Department of the Treasury ("Treasury") provide that taxpayers electing to
20 establish a qualified nuclear decommissioning fund may maintain only one fund for each nuclear

⁸ SDG&E, the CPUC, and the Trustee (currently BNY Mellon Bank) are the signatories to the SDG&E Qualified and Nonqualified Master Trust Agreements.

⁹ This calculation is based on trust fund balances as of June 30, 2024.

1 power plant (or unit thereof),¹⁰ and the assets maintained in each fund may be used solely to
2 satisfy the nuclear decommissioning liability of the nuclear power plant (or unit thereof) to
3 which the nuclear decommissioning fund relates.¹¹ Each of the SONGS Units 1 through 3
4 maintains Qualified Trusts for the sole purpose of decommissioning that particular unit. Thus,
5 for example, funds held in a Qualified Trust to decommission Unit 2 cannot be redirected to
6 decommission Unit 3 without violating the IRS regulations. Once the funds are placed into a
7 Qualified Trust, such funds can only be used for purposes of: (1) satisfying, in whole or in part,
8 any of SDG&E's liability for the decommissioning of the SONGS unit, (2) paying administrative
9 costs (including income taxes on investment returns) and other incidental expenses of the trust
10 (including legal, accounting, actuarial, and trustee expenses) in connection with the operation of
11 the trust, and (3) making investments.¹² For purposes of satisfying SDG&E's decommissioning
12 liability, amounts extracted from the Qualified Trusts must only be for "nuclear
13 decommissioning costs" as defined in Treasury Regulations Section 1.468A-1(b)(6) and related
14 guidance.¹³ In addition, as amounts are extracted from the Qualified Trusts, SDG&E is required
15 to recognize such amounts as taxable income in its tax returns. The Qualified Trusts are also
16 required to comply with the terms of the SDG&E Qualified Master Trust Agreement.

17 If SDG&E were to use Qualified Trust funds contrary to the IRC or Treasury
18 Regulations, it would jeopardize the beneficial tax status of the entire Qualified Trust and could

¹⁰ Treasury Regulations Section 1.468A-5(a)(1)(iii).

¹¹ Treasury Regulations Section 1.468A-5(a)(3)(i)(A).

¹² See IRC Section 468A(e)(4).

¹³ "Related guidance" includes, but is not limited to, private letter rulings issued by the IRS.

1 cause the trust to be treated as having distributed all of its funds in a taxable transaction to
2 SDG&E on the date of such disqualification.¹⁴

3 **2. Non-Qualified Trusts**

4 SDG&E's remaining trust funds (approximately 4%) are held in Non-Qualified Trusts.¹⁵
5 Non-Qualified Trusts are trusts that do not need to meet the requirements of IRC Section 468A
6 and its related Treasury Regulations. SDG&E's Non-Qualified Trusts are treated as grantor
7 trusts of SDG&E, and any contributions paid into these Non-Qualified Trusts were not
8 deductible by SDG&E. In addition, any realized investment gains are taxed at the same Federal
9 corporate income tax rate as SDG&E (*i.e.*, 21%).

10 Funds that are placed into the Non-Qualified Trusts are not subject to the "use
11 limitations" of IRC Section 468A but are required to comply with the terms of the SDG&E Non-
12 Qualified Master Trust Agreement. As amounts are extracted from the Non-Qualified Trusts to
13 reimburse the Company for its share of decommissioning expenditures, SDG&E is not required
14 to recognize such amounts as taxable income in its tax returns.

15 **B. Final Tax Regulations for NDTs**

16 Prior to 2020, there was uncertainty under the tax rules as to whether Qualified Trust
17 funds could be used to pay for the construction and maintenance of independent spent fuel
18 storage installation ("ISFSI") facilities. Much of the uncertainty centered on the deductibility of
19 ISFSI costs that are potentially recoverable through litigation with the Department of Energy
20 ("DOE").¹⁶ The IRS had taken a position in a 2015 private letter ruling ("PLR") that nuclear

¹⁴ IRC Section 468A(e)(6).

¹⁵ This calculation is based on trust fund balances as of June 30, 2024.

¹⁶ The Nuclear Waste Policy Act of 1982 made the DOE responsible for accepting, transporting, and disposing of spent nuclear fuel. However, it is uncertain when the DOE will begin accepting spent nuclear fuel from nuclear power plants.

1 decommissioning costs had to be “otherwise deductible” in order “to be included in the ambit” of
2 the definition of nuclear decommissioning costs that are eligible to be paid out of a Qualified
3 Trust.¹⁷ Furthermore, the PLR stated that “if there is a reasonable chance of recovery” of ISFSI
4 costs, such costs “may not be deductible” and, as such, “may not be paid out of a qualified
5 fund.”¹⁸ The effect of the PLR was that, to the extent that the IRS could assert that ISFSI costs
6 are not “otherwise deductible” nuclear decommissioning costs because “there is a reasonable
7 chance of recovery” from DOE, the owner of a nuclear power plant would be precluded from
8 using Qualified Trust funds to pay for such costs pending possible recovery from DOE.

9 On September 4, 2020, the IRS and Treasury published final regulations under IRC
10 Section 468A (the “Final Regulations”) to clarify the definition of “nuclear decommissioning
11 costs.” The Final Regulations apply to tax years ending on or after September 4, 2020.¹⁹

12 The Final Regulations include language that confirms that the definition of “nuclear
13 decommissioning costs” encompasses amounts related to the construction and maintenance of
14 ISFSIs and the storage of spent nuclear fuel at both onsite and offsite ISFSIs.²⁰ The Final
15 Regulations also clarify that the “otherwise deductible” requirement does not apply to ISFSI
16 costs;²¹ therefore, costs incurred for ISFSIs that may or are expected to be reimbursed by the
17 DOE may be paid or reimbursed from a Qualified Trust fund. Accordingly, SDG&E could now
18 access its Units 2&3 Qualified Trusts to pay for ISFSI costs without jeopardizing the qualified

¹⁷ IRS PLR 201510030 (March 6, 2015), at page 4.

¹⁸ *Id.* at page 5.

¹⁹ Treasury Regulation Section 1.468A-9(b)(2).

²⁰ *See* Preamble to the Final Regulations, at page 2.

²¹ *Id.*

1 status of the trusts, and without having to wait until the claims against the DOE are litigated or
2 settled.

3 After the Final Regulations were published, SDG&E began to withdraw funds for
4 unreimbursed ISFSI costs from the Qualified Trusts incurred in the years for which the claims
5 against the DOE had not yet been resolved, and SDG&E continues to do so.

6 Notwithstanding the clarifications regarding ISFSI costs in the Final Regulations,
7 SDG&E continues to support SCE in its pursuit of claims on behalf of the SONGS co-owners
8 against the DOE for its failure to timely accept the spent nuclear fuel.

9 **V. REGULATORY ACCOUNTING (E. DALTON)**

10 In this testimony, I address the activity recorded in SDG&E's Nuclear Decommissioning
11 Adjustment Mechanism ("NDAM") from January 2020 through December 2023.

12 The purpose of the NDAM is to track the authorized revenue requirement for SDG&E's
13 contributions to the NDTs, plus authorized revenue requirement for costs relating to SONGS 1
14 offsite spent fuel storage. This is done by comparing the authorized revenue requirement with
15 revenues billed to ratepayers through the Nuclear Decommissioning ("ND") component of
16 SDG&E's rates.

17 The SONGS 1 spent fuel storage revenue requirement of \$1 million per year was
18 approved by the Commission in the Energy Resource Recovery Account ("ERRA") Forecast
19 proceedings.²² SDG&E also recorded in NDAM a DOE settlement proceed regarding SONGS 1
20 spent fuel management costs.²³

²² ERRA 2018 Forecast approved in D.17-12-014 and implemented in rates effective January 1, 2018.
ERRA 2019 Forecast approved in D.18-12-016 and implemented in rates effective January 1, 2019.
ERRA 2020 Forecast approved in D.20-01-005 and implemented in rates effective February 1, 2020.

²³ Ex. SDGE-01 at 13.

SUMMARY OF 2020-2023 NDAM ACTIVITY

Year	Authorized Unit 1 Rev Req	Revenue (Billed)/ Refunded	SONGS DOE Settlement	Interest	NDAM Under/(Over) Collected
2020					\$ 200,881
2021	\$ 1,060,000	\$ (1,160,173)		\$ 139	\$ 100,847
2022	\$ 1,174,120	\$ (1,246,532)		\$ 1,018	\$ 29,453
2023	\$ 1,326,563	\$ (1,214,993)		\$ 4,681	\$ 145,703

The NDAM balance at December 31, 2023 was \$0.146 million undercollected. Of this balance \$0.102 million was authorized per AL 4319-E²⁴ to be amortized in January 1, 2024 rates. SDG&E implemented in rates this amortization and will continue in the future to address the NDAM year-end projected balance in its Annual Electric Regulatory Account Update.

This concludes our direct testimony.

²⁴ Annual Electric Regulatory Account Update Effective January 1, 2021. Filed October 30, 2020 and approved on December 16, 2020 effective as of January 1, 2021.

1 **VI. STATEMENT OF QUALIFICATIONS**

2 **WITNESS QUALIFICATIONS FOR JACK M. GUIDI**

3 My name is Jack M. Guidi. My business address is 8330 Century Park Court, San Diego,
4 California 92123. I am employed by SDG&E as the Financial and Strategic Analysis Manager.
5 My principal responsibilities include overseeing the financial analysis and development of
6 revenue requirements for SDG&E projects and programs. I have held this position since July
7 2020. Prior to this position, I was the Asset & Project Accounting Manager at SDG&E for three
8 years. In that position, I was responsible for accounting for plant assets; billable projects
9 (including new business accounting); development of rate base; capital expenditure planning;
10 depreciation, and related policy and compliance. I have been employed by SDG&E and/or
11 Sempra Energy since July 2007. In addition to the positions that I have listed above, I have
12 served as Manager – Natural Gas Accounting at Sempra Infrastructure; Manager, Financial
13 Reporting and Accounting Research at Sempra U.S. Gas & Power; Manager, SOX Compliance
14 and Policies at SDG&E; and Manager, Accounting Research and Policies at Sempra Energy.

15 Prior to joining Sempra Energy, I was employed by PricewaterhouseCoopers, LLP as an
16 Audit Manager. I am a Certified Public Accountant in the state of California. I continue to
17 maintain an active status license by fulfilling the continuing professional education requirements.

18 I received a Bachelor of Science in Business Administration degree with an emphasis in
19 Accounting from San Diego State University in December of 1999.

20 I have previously testified before the Commission.

1 **WITNESS QUALIFICATIONS FOR MARVIN K. TONG**

2 My name is Marvin K. Tong. I am currently employed by Sempra as the Principal
3 Investment Analyst in the Pension & Trust Investments Group. My business address is 488 8th
4 Avenue, San Diego, California 92101. In this capacity, I oversee the investments of our
5 qualified and non-qualified pension and retiree health and welfare plans as well as the assets of
6 SDG&E's Nuclear Decommissioning Trusts. My responsibilities include asset allocation, the
7 formulation of investment strategy, and the selection of investment managers.

8 I received a Bachelor of Science Degree in Management Science from the University of
9 California, San Diego in December 1998. I hold the Chartered Financial Analyst professional
10 designation and have been in good standing with The CFA Institute since September 2006. I
11 also hold the Chartered Alternative Investment Analyst professional designation and have been
12 in good standing with the CAIA Association since April 2008. From August 1999 until January
13 2003, I worked for an investment consulting firm, Mercer Investment Consulting, in Los Angeles
14 as a Consulting Analyst supporting the investment consultants and working on both defined
15 benefit and defined contribution plans. From January 2003 until September of 2018, I worked
16 for Southern California Edison as an Investment Analyst and later a Project Manager within the
17 Investments Group of the Treasury Department, overseeing various asset classes of the
18 company's defined benefit pension plan as well as the investment menu of the company's 401(k)
19 plan.

20 I have not previously testified before this Commission.

1 **WITNESS QUALIFICATIONS OF LAUREN L. SAKET**

2 My name is Lauren L. Saket. I am employed by Sempra, SDG&E's parent company, as a
3 Tax Counsel. My business address is 488 8th Ave., San Diego, CA, 92101. I manage tax
4 controversy at Sempra and its family of companies, including SDG&E. I also assist in advising
5 on the implications of Federal and state tax law, including tax compliance issues, tax audit issues
6 and strategies, and regulatory tax issues.

7 Prior to joining Sempra in 2022, I worked as a tax attorney for nearly five years at
8 KPMG, in the San Diego office, where I specialized in accounting methods and credit services.

9 I received a Bachelor of Science in Management Science from the University of
10 California, San Diego, and a Juris Doctorate and a Master of Law in Taxation from the
11 University of San Diego, School of Law. I am licensed to practice law in California.

12 I have not previously testified before this Commission.
13

1 **WITNESS QUALIFICATIONS OF ERIC L. DALTON**

2 My name is Eric Dalton. I am employed by SDG&E as the Regulatory Reporting and
3 Accounts Manager in the Controller's Division. My business address is 8330 Century Park
4 Court, San Diego, California 92123. My current responsibilities include managing the process
5 for the development, implementation, analysis and accounting for regulatory balancing and
6 memorandum accounts. I assumed my current position in August 2014 as the Regulatory
7 Reporting Manager and assumed the Regulatory Accounts Manager position in July 2019.

8 I received a Bachelor of Science in Accounting in 1999 from the University of Kansas. I
9 am a Certified Public Accountant ("CPA") licensed in the State of California since 2003.

10 I have been employed with SDG&E since 2006. In addition to my current position in
11 Regulatory Reporting & Accounts, I have held various other positions increasing in
12 responsibility since September 2006. I served as the Billable Project Supervisor in Plant
13 Accounting (January 2013 – August 2014), Bank Reconciliation Supervisor (July 2011 –
14 December 2012), and Financial Accounting Senior and Principal Accountant (September 2006 -
15 June 2011).

16 I have previously testified before this Commission.