

Application No.: A.25-05-XXX
Exhibit No.: SDGE-3
Witness: LaRee Felan

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**



May 15, 2025

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ATTACHMENT A – DECLARATION OF LAREE FELAN

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

**PREPARED DIRECT TESTIMONY OF
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ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

I. INTRODUCTION

The purpose of my testimony is to address expenses related to San Diego Gas & Electric Company's ("SDG&E") 2026 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"), Modified Cost Allocation Mechanism Balancing Account ("MCAMBA"), and BioMat Non-Bypassable Charge Balancing Account ("BNBCBA").
- Sets forth SDG&E's forecasted 2026 ERRA, CTC, LGBA, TMNBCBA, PABA and MCAMBA revenue requirements.
- Presents the comparison between the recorded 2024 year-end balances with the actual 2024 year-end balances in the Greenhouse Gas ("GHG") allowance revenues and expenses balancing accounts.

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. In A.24-05-010, SDG&E updated the cost recovery methodology to discontinue the market benchmark proxy for SDG&E’s CTC-eligible resources. The change involved using actual CAISO revenues as the market value of SDGE’s two remaining CTC contracts for calculating the amount of contract costs to be recovered in ERRA, which may prevent any under/overcollections in ERRA that resulted from the prior CTC cost recovery mechanism. Additionally, this keeps in line with the goal of preventing cost shifts between groups of customers.

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

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

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. 2026 ERRA, CTC, AND LG REVENUE REQUIREMENT FORECASTS

As shown in Table 1 below, SDG&E’s 2026 ERRA revenue requirement forecast is \$482.919 million, including forecasted GHG costs.² The direct testimony of SDG&E witness Mr. Jimmy Elias provides a detailed discussion of the GHG costs.

TABLE 1
ERRA REVENUE REQUIREMENT
(\$Millions of Dollars)

No.	Component	2026 Forecast		2025 May Filing Forecast		Change from Prior Year	
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.	TOTAL		482.919		432.299		(50.620)

The forecasted cost components set forth in the line items contained in Table 1 above, and the reasons for the \$50.620 million decrease in the 2026 ERRA revenue requirement forecast – as compared to the 2025 ERRA revenue requirement (as submitted in the 2025 Forecast) – are addressed in Mr. Elias’s testimony.

As shown in Table 2 below, SDG&E’s 2026 CTC revenue requirement forecast is \$0.512 million.

² All figures in this testimony exclude Franchise Fees and Uncollectibles (“FF&U”).

TABLE 2
CTC REVENUE REQUIREMENT
(\$Millions of Dollars)

No.	Component	2026 Forecast	2025 May Filing	Change from Prior Year
1.	QF Contracts	0.512	2.113	(1.601)
2.	TOTAL	0.512	2.113	(1.601)

As mentioned in my testimony above, SDG&E adopted a new cost recovery methodology for CTC-eligible resources in the 2025 ERRA Forecast proceeding. CTC-eligible purchase power contract expenses are 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 2026 CTC forecast. Actual costs recorded to the ERRA and TCBA balancing accounts in 2026 will use actual CAISO revenues received.

As shown in Table 3 below, SDG&E's 2026 Local Generation Balancing Account ("LGBA") revenue requirement forecast is \$202.747 million.

TABLE 3
LGBA REVENUE REQUIREMENT
(\$Millions of Dollars)

No.	Component	2026 Forecast	2025 May Filing	Change from Prior Year
1.	Combined Heat & Power			
2.	Energy Storage			
3.	Peakers & Resource Adequacy			
4.	Local Generation GHG			
5.	CAM portion of MCAM			
6.	TOTAL³	202.747	214.369	(11.622)

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

³ Sums may not equal due to rounding.

1 resource. In addition, D.21-05-004 was approved on May 6, 2021, clarifying direct GHG costs of
2 a resource are appropriately recorded in the balancing account to which cost recovery of the
3 underlying resource is approved. In accordance with the decision SDG&E has included GHG
4 costs in the 2026 Forecast for LGBA.

5 **IV. REQUEST TO RECOVER PROJECTED YEAR-END 2025 LGBA BALANCE**

6 In this application, SDG&E requests recovery of the projected 2025 year-end balance
7 recorded to LGBA of \$(201.084)⁴ million. In Ms. Wissman's testimony, SDG&E is requesting
8 \$(155.053) million, which is the \$(201.084) million mentioned above less \$46.030 million of 2025
9 investment tax credits for 2 projects. This request is made pursuant to Resolution E-5217, which
10 directs the IOUs to update projected year-end balances for each of its Regulatory Accounts in its
11 annual year-end Consolidated Electric Revenue and Rate Change Advice Letter.⁵ Therefore,
12 SDG&E requests that the Commission authorize this sum to be included in its year-end
13 Consolidated Electric Rate Change.

14 **V. INVESTMENT TAX CREDITS**

15 In August 2022, the United States congress passed the Inflation Reduction Act (IRA)
16 which included Investment Tax Credits ("ITCs") for renewable energy infrastructure, including
17 standalone energy storage technology. SDG&E had eight energy storage and microgrid projects
18 that came online in 2023, and three energy storage units expected to come online in 2025 that are
19 eligible for these credits. SDG&E is eligible to claim the ITCs on these projects on its 2023 and
20 2025 federal tax returns, which are expected to be filed in October of each year. SDG&E intends
21 to provide these benefits to customers via a reduction to the cost recovery account that

⁴ The 2025 year-end forecasted LGBA amount shown in this testimony captures ITCs for eligible units which includes Fallbrook 2.0, Santee BESS and Westside Canal 2.0. The testimony of SDG&E witness Ms. Wissman includes ITCs for only Westside Canal 2.0 which will be captured in customer rates in 2026.

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

corresponds to the capital projects, after the final amounts of the ITCs are determined at the time of filing the federal tax return. For the 2023 eligible units, SDG&E recorded final tax credits of \$96.626 million to PABA and \$115.226 to LGBA. In the 2023 year-end PABA and LGBA balancing accounts, SDG&E recorded \$94.234 million and \$102.963 million, respectively, for the 2023 eligible units. In the 2024 year-end PABA and LGBA balancing accounts, SDG&E recorded adjustments of \$2.392 million and \$12.263 million, respectively, for the 2023 eligible units. SDG&E plans to apply the final 2023 tax credits towards customer rates over one year in 2026. For 2025 eligible units, two were originally expected to come online in 2024 as indicated in A.24-05-010. The projects were delayed, and SDG&E did not record estimated tax credits in the 2024 year-end LGBA. The estimated tax credits for 2025 eligible units have been updated to reflect \$154.516 million to account for 3 units recorded in the 2025 year-end LGBA forecast. The treatment of tax credits in customer rates is further discussed in the testimony of SDG&E witness Ms. Wissman.

VI. COMPARISON OF 2024 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 2024 year-end recorded/forecasted balances with the 2024 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 2024 RECORDED VS ACTUAL YEAR-END BALANCES IN GHG
BALANCING ACCOUNTS

Line	Description	2024 Recorded ¹ (\$)	2024 Actual (\$)	Difference
(1) GHGRBA				
1	Beginning Balance 1/1/2024	(18,481,273)	(18,481,273)	-
2	Allowance Revenue	(248,062,550)	(223,553,623)	24,508,927
3	Revenue returned to customers	243,123,369	239,472,054	(3,651,315)
4	Franchise Fees and Uncollectibles	(2,914,360)	(2,870,591)	43,769
5	Transfer to GHGCOEMA and GHGACMA ^{2,3}	-	(9,956)	(9,956)
6	Allowance Set Aside for Multi-Family Program ⁴	(7,242,206)	6,388,429	13,630,635
7	Allowance Set Aside for DAC-SASH ⁵	-	1,095,000	1,095,000
8	Transfer from CSGTBA ⁶		(1,642,301)	(1,642,301)
9	Transfer to DACGTBA ⁶		10,218	10,218
10	Interest	(368,810)	(722,938)	(354,128)
11	Ending Balance 12/31/2024	(33,945,830)	(314,982)	33,630,848
(2) GHGCOEMA				
12	Beginning Balance 1/1/2024	(62,227)	(62,227)	-
13	Transfer from GHGRBA ²	0	25,560	25,560
14	Expenses	23,916	1,044	(22,873)
15	Interest	(2,249)	(3,301)	(1,051)
16	Ending Balance 12/31/2024	(40,560)	(38,923)	1,636
(3) GHGACMA				
17	Beginning Balance 1/1/2024	(79,588)	(79,588)	-
18	Transfer from GHGRBA ³	0	(15,604)	(15,604)
19	Expenses	47,177	61,422	14,245
20	Interest	(1,985)	(2,411)	(426)
21	Ending Balance 12/31/2024	(34,396)	(36,182)	(1,786)

¹Per A.24-05-010 (2025 ERRRA Forecast Update October 21, 2024) 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 2024 and forecasted amounts from September through December 2024.

²The 2024 Actual column shows the approved 2025 GHGCOEMA forecast per D.24-12-040, which was approved in December 2024.

³The 2024 Actual column shows the approved 2025 GHGACMA forecast per D.24-12-040, which was approved in December 2024.

⁴This represents the program funding and true-ups for SOMAH. The 2024 Recorded column shows forecast funding, and the Actual column shows the approved funding per D.24-12-040, which was approved in December 2024.

⁵This represents the program funding for DAC-SASH. The 2024 Recorded column shows forecast funding, and the Actual column shows the approved funding per D.24-12-040, which was approved in December 2024.

⁶This represents the discontinuance of SDG&E's Community Solar Green Tariff program and the transfer of its CCA sub-account to SDG&E's Disadvantaged Communities Green Tariff program.

VII. GREEN TARIFF SHARED RENEWABLE BALANCING ACCOUNT (GTSRBA)

Per D.15-01-051, SDG&E established the GTSRBA⁶ 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 2026 revenue requirement for GTSRBA. As of December 2024, the balance in GTSRBA is \$3.022 million. SDG&E is not requesting recovery of this balance in GTSRBA in this proceeding at this time. The recovery of the GTSRBA ending balance is awaiting a decision in the 2023 ERRR Compliance Proceeding A.24-06-001.

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.

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.⁸ 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 2026 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	2026 Forecast	2025 May Filing	Change from Prior Year
1.	Contract Costs	[REDACTED]		
2.	CAISO Revenues			
3.	Renewable Energy Credits Sales Revenues			
4.	Resource Adequacy Sales Revenues			
5.	TOTAL			

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.

⁸ 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	2024 Recorded GHG Proceeds	Proportion of Total Proceeds	Share of \$100M	Previously Approved Set- Aside in 2024 ERRA Proceeding	Difference
		(\$000)		(\$000)	(\$000)	(\$000)
1	PG&E	\$819,525	49.86%	\$49,857	\$46,528	(\$3,329)
2	SCE	\$576,556	35.08%	\$35,076	\$39,757	\$4,682
3	SDG&E	\$223,524	13.60%	\$13,598	\$12,016	(\$1,582)
4	Liberty	\$5,642	0.34%	\$343	\$631	\$288
5	PacifiCorp	\$18,512	1.13%	\$1,126	\$1,299	\$173
6	Total	\$1,643,759	100.00%	\$100,000	\$100,231	\$231

Because the combined IOU GHG proceeds exceed an estimated \$100 million (Difference = \$0.231 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 2024 of \$12.016 million.

A. 2026 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 20.⁹

⁹ 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 RECONCILIATION¹⁰				
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
2020 ⁶	\$161,825,842	\$14,517,611	\$14,517,611	\$0
2022 ⁷	\$189,236,214	\$13,549,896	\$20,792,102	\$7,242,206
2023 ⁸	\$214,387,613	\$13,630,635	\$12,015,972	(\$1,614,663)
2024 ⁹	\$223,553,623	\$13,599,894	\$12,015,972	(\$1,583,922)
Total	\$1,224,898,516	\$98,887,559	\$102,931,180	\$4,043,621
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 SOMAH was approved in D.21-12-040. An additional \$1,351,750 was incorrectly set aside in 2023 for 2022 SOMAH, making the total 2022 SOMAH set aside \$20,792,102. A true-up of -\$7,242,206 was approved in D.24-12-040 to correct the 2022 SOMAH true-up. ⁸ \$12,015,972 set-aside for 2023 approved in D.22-12-042. The \$1,614,663 true-up will be set aside in D.24-12-040. ⁹ \$12,015,972 set-aside for 2024 approved in D.22-12-021. The \$1,583,922 true-up will be set aside in A.25-05-XXX.				

¹⁰ SDG&E submitted Table 7 to correspond to the SOMAH Program Funding True-up for 2024 in the Supplemental GHG Advice Letter 4613-E-A. The revised table reflects what has been submitted to the Energy Division for the SOMAH Program Funding True-up through 2024. Excludes FF&U.

1 **X. DAC-SASHBA**

2 The purpose of the DAC-SASHBA is to balance allocated GHG allowance revenues and
3 program costs. The DAC-SASH Balancing Account was established in 2019 in D.18-06-027 and
4 Advice Letter 3410-E. D.18-06-027 at OP 8 states that the DAC-SASH program will be funded
5 with GHG allowance proceeds if available and recovered through the PPP mechanism if GHG
6 allowance proceeds are unavailable.

7 The associated direct testimony of SDG&E witness Mr. Elias states that the total DAC-
8 SASH program funding is estimated to be \$1.120 million. The forecasted 2026 GHG allowance
9 revenues available for clean energy and energy efficiency programs will be sufficient to cover this
10 sum after setting aside funding for the SOMAH Program.

11 **XI. PORTFOLIO ALLOCATION BALANCING ACCOUNT (PABA)**

12 Pursuant to D.18-10-019 and Advice Letter 3318-E,¹¹ the purpose of the PABA is to
13 record the “above-market” costs and revenues associated with all generation resources that are
14 eligible for cost recovery through the PCIA rates, including SDG&E’s Utility-Owned Generation
15 (“UOG”). Costs recorded in each vintage subaccount will include, but are not limited to, fuel,
16 GHG costs, third party power purchase contracts costs, and UOG’s revenue requirement.

17 SDG&E’s 2026 PABA revenue requirement forecast includes the fuel costs for its electric
18 generation facilities, including Miramar Energy Facility I (“Miramar I”), Miramar Energy Facility
19 II (“Miramar II”), Palomar Energy Center (“Palomar”), Desert Star Energy Center (“Desert Star”),
20 and the Cuyamaca Peak Energy Plant (“Cuyamaca”). The actual fuel costs of Miramar I, Miramar
21 II, Palomar, Desert Star, and Cuyamaca are recorded in the PABA for recovery through
22 commodity rates.

¹¹ See SDG&E AL 3318-E, filed on December 10, 2018, approved on May 30, 2019 and effective January 1, 2019.

TABLE 8
PABA REVENUE REQUIREMENT
(\$Millions of Dollars)

No.	Component	2026 Forecast ¹²	2025 May Filing	Change from Prior Year
1.	Supply ISO Revenues			
2.	Contract Costs (non-CTC)			
3.	Generation Fuel			
4.	GHG Costs			
5.	TOTAL	(205.066)	127.722	(332.788)

As Table 8 indicates, SDG&E's 2026 PABA revenue requirement forecast is (\$205.066) million.¹³ 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 2025 year-end balances recorded to PABA of \$14.205 million, as shown in SDG&E witness Ms. Sheri Miller's testimony workpapers. The proposed 2025 PABA year-end balance is projected based on three months of actuals (January through March of 2025) and 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 PABA year-end balance will be updated in SDG&E's annual year-end process pursuant to Resolution E-5217.

Pursuant to D.22-01-023, SDG&E shall transfer the 2025 ending balance of ERRA to the most recent subaccount of PABA. The projected 2025 year-end balance of ERRA is (\$0.550) 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.

¹² Table 8 does not include the 2025 Year End Forecasted PABA balance of \$14.205 million, as shown in Attachment C in Ms. Miller's testimony.

¹³ 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.

1 **XII. MODIFIED COST ALLOCATION MECHANISM BALANCING ACCOUNT**
2 **(MCAMBA)**

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

8 Pursuant to D.22-05-015 and Advice Letter 4043-E,¹⁴ the purpose of MCAMBA is to
9 record the net costs related with the procurement of energy resources by SDG&E incurred on
10 behalf of certain LSEs in the following circumstances: (1) opt-out procurement-related costs,
11 including incremental administrative costs for customers of LSEs that have opted out of self-
12 procurement; (2) backstop procurement-related costs, including incremental administrative costs
13 for customers of LSEs that fail to provide the capacity required by D.19-11-016 and/or D.21-06-
14 035; and (3) opt-out LSEs that have left the market and no longer serve customers.

15 On January 12, 2023, the Commission issued Resolution E-5241 approving SDG&E’s cost
16 recovery to implement MCAM.¹⁵ As such, in 2023 SDG&E implemented its MCAM balancing
17 account and transferred the costs from Resource Adequacy Procurement Memorandum Account
18 (“RAPMA”) to this account.¹⁶

19 As shown in Table 9 below, SDG&E’s 2026 MCAMBA revenue requirement forecast is
20 \$0.075 million.

¹⁴ See SDG&E AL 4043-E, filed on July 18, 2022, approved January 25, 2023 and effective on January 12, 2023.

¹⁵ Resolution E-5241 at OP 1.

¹⁶ 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	2026 Forecast	2025 May Filing	Change from Prior Year
1.	Load ISO Charges			
2.	Supply ISO Revenues			
3.	Contract Costs (non-CTC)			
4.	RA Sales			
5.	TOTAL	0.075	0.313	(0.238)

XIII. 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.

1 **XIV. SUMMARY**

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

- 4 • the 2026 ERRA revenue requirement forecast of \$482.919 million (which
5 includes forecasted GHG costs);
- 6 • the 2026 CTC revenue requirement forecast of \$0.512 million;
- 7 • the 2026 LGBA revenue requirement forecast of \$202.747 million;
- 8 • the 2026 TMNBC revenue requirement forecast of [REDACTED] million;
- 9 • the 2026 PABA revenue requirement forecast of (\$205.066) million;
- 10 • the 2026 MCAM revenue requirement forecast of \$0.075 million;
- 11 • the 2025 forecasted year-end overcollected balance of LGBA of \$(201.084)
12 million;
- 13 • the 2025 forecasted year-end overcollected balance of ERRA of (\$0.550) million;
14 and
- 15 • the 2025 forecasted year-end undercollected balance of PABA of \$14.205 million.

16 The amounts above projected for the ERRA, PABA and LGBA year-end balances will be
17 updated in SDG&E's annual year-end process pursuant to Resolution E-5217. Finally, my
18 testimony also presents the comparison of the 2024 recorded/forecasted vs. actual year-end
19 balances in the GHG allowance revenues and expenses balancing accounts.

20 This concludes my prepared direct testimony.

1 **XV. QUALIFICATIONS**

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

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

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

14 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.25-05-XXX

**Application of San Diego Gas & Electric Company (U 902-E)
for Approval of Its 2026 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 Prepared Direct Testimony (“Testimony”) in support of SDG&E’s May 15, 2025, Application for Approval of its 2026 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 Code¹. 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”. Amounts highlighted in tab “Table 1 ERRA Revenue 2026” and tab “ERRA 2025 YE Forecast” of workpapers named “Balancing Accounts 2026 ERRA forecast workpapers_CONFIDENTIAL.xlsx”.	I.A.4	Long-term Fuel (gas) Buying and Hedging Plans; confidential for three years.
	II.A.2	Utility Electric Price Forecasts; confidential for three years.
	II.B.1	Generation Cost Forecasts of Utility Retained Generation; confidential for three years.
	II.B.3	Generation Cost Forecasts of QF Contracts; confidential for three years.
	II.B.4	Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years.
	V.C	LSE Total Energy Forecast; confidential for the front 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 Table 3 of testimony named “LGBA Revenue Requirement”. Amounts highlighted in tab “Table 3 LGBA Revenue 2026” and tab “2025 LGBA YE Forecast Balance” of workpapers named “Balancing Accounts 2026 ERRA forecast workpapers_CONFIDENTIAL.xlsx”.	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.
Amounts highlighted in yellow in Section VIII and Table 5 of testimony named “TMNBCA Revenue Requirement”. Amounts highlighted in tab “Table 5 TMNBCA Revenue 2026” of workpapers named “Balancing Accounts 2026 ERRA forecast workpapers_CONFIDENTIAL.xlsx”.	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”. Amounts highlighted in tab “Table 8 PABA Revenue 2026” and tab “Attach C_2025 PABA YE Fcst Bal” of workpapers named “Balancing Accounts 2026 ERRA forecast workpapers_CONFIDENTIAL.xlsx”.	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.

Location of Protected Information	Matrix Reference	Reason for Confidentiality and Retention Period
Amounts highlighted in yellow in Table 9 of testimony named “MCAMBA Revenue Requirement”. Amounts highlighted in tab “Table 9 MCAMBA Revenue 2026” of workpapers named “Balancing Accounts 2026 ERRRA forecast workpapers_CONFIDENTIAL.xlsx”.	II.A.2	Utility Electric Price Forecasts; confidential for three years.
	II.B.1	Generation Cost Forecasts of Utility Retained Generation; confidential for three years.
	II.B.3	Generation Cost Forecasts of QF Contracts; confidential for three years.
	II.B.4	Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years.
	V.C	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 15th day of May, 2025, at San Diego, California.

/s/ 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.25-05-XXX

**Application of San Diego Gas & Electric Company (U 902-E)
For Approval of Its 2026 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 Prepared Direct Testimony (“Testimony”) in support of SDG&E’s “Application for Approval of its 2026 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 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 Code¹. 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”. Amounts highlighted in tab “Table 1 ERRA Revenue 2026” and tab “ERRA 2025 YE Forecast” of workpapers named “Balancing Accounts 2026 ERRA forecast workpapers_CONFIDENTIAL.xlsx”.	I.A.4	Long-term Fuel (gas) Buying and Hedging Plans; confidential for three years.
	II.A.2	Utility Electric Price Forecasts; confidential for three years.
	II.B.1	Generation Cost Forecasts of Utility Retained Generation; confidential for three years.
	II.B.3	Generation Cost Forecasts of QF Contracts; confidential for three years.
	II.B.4	Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years.
	V.C	LSE Total Energy Forecast; confidential for the front 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.

<p>Amounts highlighted in yellow in Table 3 of testimony named “LGBA Revenue Requirement”. Amounts highlighted in tab “Table 3 LGBA Revenue 2026” and tab “2025 LGBA YE Forecast Balance” of workpapers named “Balancing Accounts 2026 ERRA forecast workpapers_CONFIDENTIAL.xlsx”.</p>	<p>II.B.1 II.B.3 II.B.4</p>	<p>Generation Cost Forecasts of Utility Retained Generation, confidential for three years.</p> <p>Generation Cost Forecasts of QF Contracts; confidential for three years.</p> <p>Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years.</p>
<p>Amounts highlighted in yellow in Section VIII and Table 5 of testimony named “TMNBCA Revenue Requirement”. Amounts highlighted in tab “Table 5 TMNBCA Revenue 2026” of workpapers named “Balancing Accounts 2026 ERRA forecast workpapers_CONFIDENTIAL.xlsx”.</p>	<p>II.B.4</p>	<p>Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years.</p>
<p>Amounts highlighted in yellow in Table 8 of testimony named “PABA Revenue Requirement”. Amounts highlighted in tab “Table 8 PABA Revenue 2026” and tab “Attach C_2025 PABA YE Fcst Bal” of workpapers named “Balancing Accounts 2026 ERRA forecast workpapers_CONFIDENTIAL.xlsx”.</p>	<p>II.A.2 II.B.1 II.B.3 II.B.4</p>	<p>Utility Electric Price Forecasts; confidential for three years.</p> <p>Generation Cost Forecasts of Utility Retained Generation; confidential for three years.</p> <p>Generation Cost Forecasts of QF Contracts; confidential for three years.</p> <p>Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years.</p>

Amounts highlighted in yellow in Table 9 of testimony named “MCAMBA Revenue Requirement”. Amounts highlighted in tab “Table 9 MCAMBA Revenue 2026” of workpapers named “Balancing Accounts 2026 ERRA forecast workpapers_CONFIDENTIAL.xlsx”.	II.A.2	Utility Electric Price Forecasts; confidential for three years.
	II.B.1	Generation Cost Forecasts of Utility Retained Generation; confidential for three years.
	II.B.3	Generation Cost Forecasts of QF Contracts; confidential for three years.
	II.B.4	Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years.
	V.C	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 15th day of May, 2025, at San Diego.

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