

Company: San Diego Gas & Electric Company (U 902 M)
Proceeding: 2028 General Rate Case
Application: A.26-06-014/015
Exhibit: SDGE-26.1

**REVISED PREPARED DIRECT TESTIMONY OF ERIC DALTON
(REGULATORY ACCOUNTS)**

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



September 2026

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SUMMARY-

In summary, SDG&E is seeking Commission approval to amortize balances in 24 regulatory accounts, close 12 regulatory accounts, modify 4 regulatory accounts, and open 2 new regulatory accounts. SDG&E's regulatory accounts proposals are as follows:

- **Amortize & Close**

- ASLIMA – Adaptive Streetlight Implementation Memorandum Account
- IPACMA – Incentive Pilot Admin Costs Memorandum Account
- LDBA – Light-Duty Electric Vehicle Balancing Account
- NTPBA –Near-Term Priority Transportation Electrification Balancing Account
- SPMA – Plug-In Electric Vehicle Submetering Protocol Memorandum Account
- V2GBA - Vehicle to Grid Balancing Account
- SECCBA – Safety Enhancement Capital Cost Balancing Account

- **Amortize & Continue**

- ACCUMA – Avoided Cost Calculator Update Memorandum Account
- ASLMMA – Adaptive Streetlight Maintenance Memorandum Account
- CAVAMA – Climate Adaptation Vulnerability Assessment Memorandum Account
- CCPAMA – California Consumer Privacy Act Memorandum Account
- ECPMA – Emergency Customer Protections Memorandum Account
- HDERMA – High DER Memorandum Account
- ICEMA – Interruption Cost Estimate 3.0 Calculator Memorandum Account
- IGFCMA –Income Graduated Fixed Charge Memorandum Account
- NBTMA – Net Billing Tariff Memorandum Account
- NGLAPMA – Natural Gas Leak Abatement Program Memorandum Account
- NEMAMA – Net Energy Metering Aggregation Memorandum Account
- PIPPMA – Percentage of Income Payment Plan Memorandum Account
- RDPMA – Residential Disconnections Protections Memorandum Account
- RTPMA – Real Time Pricing Memorandum Account
- VMBA – Vegetation Management Balancing Account

- **Close**
 - DDCBA – Distribution Deferral Contract Cost Balancing Account
 - DDIBA – Distribution Deferral Incentive Balancing Account
 - DIMPBA – Distribution Integrity Management Program Balancing Account
 - OPBA – Overhead Pools Balancing Account
 - SEEBA – Safety Enhancement Expense Balancing Account
 - NEEMA – Electric Energization Memorandum Account
- **Continue**
 - EVIMA – Electric Vehicle Infrastructure Memorandum Account
 - PBA – Pension Balancing Account
 - PBOPBA – Post Retirement Benefits Other Than Pensions Balancing Account
 - VMMA – Vegetation Management Memorandum Account
 - WMPMA – Wildfire Mitigation Plan Memorandum Account
- **Modify**
 - GSEPMA – Gas Safety Enhancement Plan Memorandum Account
 - LIPBA – Liability Insurance Premiums Balancing Account
 - NERBA – New Environmental Regulation Balancing Account
 - TIMPBA – Transmission Integrity Management Program Balancing Account
- **Proposed New Accounts**
 - TRRRMA – Transmission Revenue Requirement Reclassification Memorandum Account
 - CGIMA – Customer Growth Incremental Memorandum Account
- **Informational**
 - DIMPMA – Distribution Integrity Management Program Memorandum Account
 - MMBA—Master Meter Memorandum Account
 - OCMA—Officer Compensation Memorandum Account
 - SONGSBA – SONGS O&M Balancing Account
 - MMA – Marine Mitigation Memorandum Account
 - TMA – Tax Memorandum Account

**REVISED PREPARED DIRECT TESTIMONY OF ERIC DALTON
(REGULATORY ACCOUNTS)**

I. INTRODUCTION

A. Summary of Proposals

The purpose of my prepared direct testimony is to identify the San Diego Gas & Electric Company (SDG&E or Company) regulatory accounts that are associated with the Test Year (TY) 2028 General Rate Case (GRC) and to present SDG&E's proposal for each account. My testimony includes the following groupings of proposals: (1) regulatory accounts with remaining balances be amortized in rates and subsequently closed; (2) regulatory accounts with balances to be amortized into rates and continuation of existing account treatment; (3) regulatory accounts for which SDG&E is not seeking amortization of balances in this proceeding, but is seeking approval for closure; (4) regulatory accounts for which SDG&E is not seeking amortization of balances in this proceeding, but is seeking approval for continuation of ratemaking treatment; (5) regulatory accounts with proposed modifications to existing ratemaking treatment; (6) authorization for new regulatory accounts; and (7) information on other regulatory accounts.

Importantly, my testimony addresses the specifics of SDG&E's proposals for how account balances should be amortized, if such balances are approved for amortization in this proceeding, as well as SDG&E's proposals for closure, continuation, creation, or modification of regulatory account tariffs. My testimony does not include details in support of whether any particular costs recorded in an account are reasonable. Testimony provided by SDG&E for purposes of establishing the reasonableness of costs recorded in regulatory accounts, where necessary, are included in the testimony chapters for cost center(s) where those costs were incurred.

B. Organization of Testimony

My testimony will discuss the different types of proposals we have for regulatory accounts, including:

1. Balance amortization and closure of regulatory accounts;
2. Balance amortization and continuation of existing regulatory accounts;
3. Closure of existing regulatory accounts;
4. Continuation of existing regulatory accounts;
5. Modification of existing regulatory accounts;

6. Newly proposed regulatory accounts; and
7. Other information related to certain regulatory accounts.

C. Support To/From Other Witnesses

In sponsoring SDG&E's regulatory account proposals, other witness areas provide business justification for some of the proposals included in my testimony, including reasonableness review of cost and justification for creation of new accounts and modification of existing accounts. The following testimony chapters are cross-referenced in this testimony:

- Gas Engineering & Systems Integrity (Exhibit (Ex.) SDGE-03)
- Gas Distribution (Ex. SDGE-04)
- Gas Transmission (Ex. SDGE-05)
- Gas Major Projects (Ex. SDGE-06)
- Wildfire Mitigation and Vegetation Management (Ex. SDGE-07)
- Electric Distribution Capital (Ex. SDGE-08)
- Electric Distribution Operations & Management (O&M) (Ex. SDGE-09)
- Energy Procurement (Ex. SDGE-11)
- Customer Services (Ex. SDGE-12)
- Insurance (Ex. SCG-15/SDGE-19)
- Environmental Services (Ex. SDGE-17)
- Pension & PBOP (Ex. SCG-17/SDGE-21)
- Administrative & General (A&G) (Ex. SDGE-23)
- Rate Base (Ex. SDGE-28)

II. REGULATORY ACCOUNTS

A. Balance Amortization & Closure of Regulatory Accounts

SDG&E proposes to amortize and close the seven (7) regulatory accounts listed in this section. Each account is either: (1) a non-interest-bearing tracking account that is not recorded on SDG&E's financial statements; or (2) an interest-bearing balancing or memorandum account that is recorded on SDG&E's financial statements. As part of the account description that follows, the testimony indicates whether the account is an electric or gas account and whether there is a balance as of December 31, 2025. This testimony identifies the regulatory account to

which SDG&E proposes to transfer the December 31, 2027 year-end balance for amortization into rates.^{1, 2}

Table ED-1 summarizes the balances for each account as of December 31, 2025 and identifies where the underlying incurred cost details are discussed in SDG&E testimony.

TABLE ED-1
San Diego Gas and Electric
Balances as of December 31, 2025
\$ in thousands³

Account Name	O&M Costs	Capital Revenue Requirement	Interest	Authorized Revenue/ Miscellaneous Revenue	Amortization ¹	Ending Balance	SDG&E Testimony
ASLIMA E	-	4,727	789	(8)	-	5,509	Ex. SDGE-12
IPACMA E	173	-	23	-	-	196	Ex. SDGE-11
LDBA E	2,775	5,018	(657)	(13,073)	-	(5,938)	Ex. SDGE-12
NTPBA E	3,635	-	(359)	(10,910)	-	(7,635)	Ex. SDGE-12
SPMA E	193	283	16	-	-	492	Ex. SDGE-12
V2GBA E	162	531	(125)	(1,676)	-	(1,108)	Ex. SDGE-12
SECCBA G	-	270,938	17,756	-	(110,679)	178,015	Ex. SDGE-06

1. Adaptive Streetlight Implementation Memorandum Account (ASLIMA)

The electric ASLIMA is an interest-bearing memorandum account recorded on SDG&E's financial statements. The purpose of the account is to record incremental capital-related and operations and maintenance expenses associated with the implementation of the Dimmable Streetlight and Ancillary Device rate options, pursuant to Decision (D.) 17-08-030.⁴ The ASLIMA also records the up-front participation payment from customers and monthly start-up service fees for each rate option. SDG&E proposes to transfer the December 31, 2027 ASLIMA

¹ Since the assets placed into service through December 31, 2025 and associated with projects undergoing a reasonableness review are proposed for inclusion in rate base as part of SDG&E's TY 2028 GRC, SDG&E will discontinue recording the capital revenue requirement associated with these assets in the respective regulatory account upon implementation of the TY 2028 GRC Decision to avoid double recovery.

² Additionally, for purposes of memorandum accounts or other required reasonableness reviews throughout this testimony, SDG&E is seeking reasonableness reviews of expenditures through 2025, and recovery of revenue requirement associated with those approved expenditures through December 31, 2027.

³ Totals may not equal the sum of individual activities due to rounding.

⁴ D.17-08-030, Ordering Paragraph (OP) 26 and 27.

1 balance to the Electric Distribution Fixed Cost Account for amortization into rates and, because
2 implementation of these rate options is complete, to close the ASLIMA thereafter. For further
3 details on costs and reasonableness review, please refer to the Customer Services Testimony (Ex.
4 SDGE-12). The December 31, 2025 undercollected balance is \$5.509 million.

5 **2. Incentive Pilot Admin Costs Memorandum Account (IPACMA)**

6 The electric IPACMA is an interest-bearing one-way balancing account that is recorded
7 on SDG&E's financial statements to record incremental administrative costs for the solicitation
8 process associated with the Utility Regulatory Incentive Pilot authorized by D.16-12-036.⁵
9 SDG&E proposes to transfer the electric IPACMA balance to the Electric Distribution Fixed
10 Cost Account for amortization into rates and to close the IPACMA thereafter. No further costs
11 are expected for IPACMA. For further details on costs and reasonableness review, please refer
12 to the Energy Procurement Testimony (Ex. SDGE-11). The December 31, 2025 undercollected
13 balance is \$0.196 million.

14 **3. Light-Duty Electric Vehicle Balancing Account (LDBA)**

15 The electric LDBA is a one-way interest-bearing balancing account recorded on
16 SDG&E's financial statements. The purpose of the LDBA is to record the authorized revenue
17 requirement and incremental costs associated with the implementation of the Schools Pilot
18 Program and the Parks and Beaches Pilot Program for its Electric Vehicle Charging
19 Infrastructure Program authorized in D.19-11-017.⁶ SDG&E proposes to transfer the December
20 31, 2027 electric LDBA balance to the Electric Distribution Fixed Cost Account for amortization
21 into rates. Because the pilots will be finalized by 2027, SDG&E proposes to close the
22 LDBA after amortization of the balance. For further details, please refer to the Customer
23 Services Testimony (Ex. SDGE-12). The December 31, 2025 overcollected balance is \$5.938
24 million.

25 **4. Near-Term Priority Transportation Electrification Balancing Account** 26 **(NTPBA)**

27 The electric NTPBA is a one-way interest-bearing balancing account recorded on
28 SDG&E's financial statements. The purpose of the NTPBA is to record costs associated with

⁵ D.16-12-036, OP 21.

⁶ D.19-11-017, OP 17.

1 transportation electrification (TE) investments in a near-term priority area. Because the program
2 is concluding at the end of 2026, SDG&E does not expect to incur costs beyond 2027.
3 Accordingly, SDG&E is seeking closure of this account after amortization of any amounts
4 recorded therein through 2027. SDG&E proposes to transfer the December 31, 2027 electric
5 NTPBA balance to the Electric Distribution Fixed Cost Account for amortization into rates and
6 to close the NTPBA thereafter. SDG&E proposes to close the NTPBA because all costs will be
7 finalized by 2027. For further details, please refer to the Customer Services Testimony (Ex.
8 SDGE-12). The December 31, 2025 overcollected balance is \$7.635 million.

9 **5. Plug-In Electric Vehicle Submetering Protocol Memorandum**
10 **Account (SPMA)**

11 The electric SPMA is an interest-bearing memorandum account that is recorded on
12 SDG&E's financial statements. The purpose of the SPMA is to record the incremental costs
13 associated with implementing the submetering protocol for all customers with plug-in electric
14 vehicles and customer-owned submeters, pursuant to D.22-08-024.⁷ SDG&E proposes to
15 transfer the December 31, 2027 electric SPMA balance to the Electric Distribution Fixed Cost
16 Account for amortization into rates and to close the SPMA thereafter as implementation of the
17 submetering protocol is now complete. For further details on costs and reasonableness review,
18 please refer to the Customer Services Testimony (Ex. SDGE-12). The December 31, 2025
19 undercollected balance is \$0.492 million.

20 **6. Vehicle to Grid Balancing Account (V2GBA)**

21 The electric V2GBA is a one-way, interest-bearing balancing account recorded on
22 SDG&E's financial statements. The purpose of the V2GBA is to record the authorized revenue
23 requirement and incremental costs associated with the implementation of the Vehicle to Grid
24 Electric School Bus Pilot (V2G Pilot) authorized in D.19-08-026.⁸ SDG&E proposes to transfer
25 the December 31, 2027 electric V2GBA balance to the Electric Distribution Fixed Cost Account
26 for amortization into rates and to close the V2GBA thereafter because the pilot is complete. For
27 further details, please refer to the Customer Services Testimony (Ex. SDGE-12). The December
28 31, 2025 overcollected balance is \$1.108 million.

29 **7. Safety Enhancement Capital Cost Balancing Account (SECCBA)**

⁷ D.22-08-024, OP 2.

⁸ D.19-08-026, OP 6.

The gas SECCBA is a two-way interest-bearing balancing account recorded on SDG&E's financial statements, subject to a 50% interim recovery mechanism where SDG&E is authorized to recover 50% of the actual balances annually, subject to refund upon CPUC reasonableness review. The SECCBA records the capital-related costs associated with SDG&E's Line 1600 Pipeline Safety Enhancement Plan (PSEP). SDG&E proposes to transfer the December 31, 2027 gas SECCBA balance to the Core Fixed Cost Account and Noncore Fixed Cost Account for amortization into rates and to close the SECCBA thereafter. For further details on costs and reasonableness review, please refer to the Gas Major Projects Testimony (Ex. SDGE-06). The December 31, 2025 undercollected balance is \$178.015 million.

TABLE ED-2
San Diego Gas and Electric
Estimated 2026 and 2027 SECCBA Balances
\$ in Thousands

Year	Beginning Balance	On-going Capital Revenue Requirement	Amortization	Interest	Ending Balance
2026	178,015	76,084	(75,115)	6,651	185,635
2027	185,635	74,122	(92,818)	6,540	173,479

As shown in Tables ED-2 above, SDG&E estimates total 2026 through 2027 amortizations of \$167.933 million in the SECCBA. After accounting for the future amortization, the ending balances as of December 31, 2027 associated with the capital expenditures are estimated to be \$173.479 million undercollected for SECCBA.

B. Balance Amortization and Continuation of Regulatory Accounts

SDG&E is proposing amortization into rates and continuation of the existing ratemaking treatment for each of the fifteen (15) regulatory accounts in this section.⁹ Each account is either: (1) a non-interest-bearing tracking account that is not recorded on SDG&E's financial statements; or (2) an interest-bearing balancing or memorandum accounts that is recorded on SDG&E's financial statements. As part of the account description that follows, I indicate whether the account is for the gas and/or electric segment and the December 31, 2025 recorded balance for each account. SDG&E requests the continuation of these regulatory accounts, without modification, and authorization to amortize the December 31, 2027 balance.

⁹ Accounts with both gas and electric versions are counted as one account for purposes of this number.

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TABLE ED-4
San Diego Gas and Electric
Balances as of December 31, 2025
\$ in thousands ¹⁰

Account Name	O&M Costs	Capital Revenue Requirement	Interest	Authorized Revenue / Miscellaneous Revenue	Amortization	Ending Balance	SDG&E Testimony
ACCUMA E	116	-	5	-	-	121	Ex. SDGE-11
ACCUMA G	-	-	-	-	-	-	Ex. SDGE-11
ASLMMA E	11	-	2	-	-	13	Ex. SDGE-12
CAVAMA E	6,390	492	550	-	-	7,432	Ex. SDGE-07 Ex. SDGE-09
CAVAMA G	10	223	11	-	-	244	Ex. SDGE-07
CCPAMA E	311	-	35	-	-	346	Ex. SDGE-12
CCPAMA G	191	-	15	-	-	206	Ex. SDGE-12
ECPMA E		-	1	22		23	Ex. SDGE-12
ECPMA G		-	1	7		8	Ex. SDGE-12
HDERMA E	502	-	7	-	-	509	Ex. SDGE-09
ICEMA E	508	-	22	-	-	529	Ex. SDGE-23
IGFCMA E	2,241	(2,399)	36	-	-	(122)	Ex. SDGE-12
NBTMA E	1,854	7,123	337	-	-	9,313	Ex. SDGE-12
NEMAMA E	2,152	-	(443)	(5,667)		(3,957)	Ex. SDGE-12
NGLAPMA G	1,442	-	206	-	-	1,648	Ex. SDGE-03
PIPPMA E	512	2,554	186	-	-	3,252	Ex. SDGE-12
PIPPMA G	189	1,216	85	-	-	1,490	Ex. SDGE-12
RDPMA E	19	-	1	-	-	20	Ex. SDGE-12
RDPMA G	16	-	1	-	-	17	Ex. SDGE-12

¹⁰ Totals may not equal the sum of individual activities due to rounding.

Account Name	O&M Costs	Capital Revenue Requirement	Interest	Authorized Revenue / Miscellaneous Revenue	Amortization	Ending Balance	SDG&E Testimony
RTPMA E	344	511	28	-	-	883	Ex. SDGE-12
VMBA E	138,687	-	(376)	(162,366)	-	(24,054)	Ex. SDGE-07

1. Avoided Cost Calculator Update Memorandum Account (ACCUMA)

The electric and gas ACCUMA are interest-bearing memorandum accounts recorded on SDG&E's financial statements. The purpose of this account is to record the costs allocated to the utilities for contractors hired by the Commission to perform annual Avoided Cost Calculator updates and to provide technical assistance or research for the purpose of the advancing future refinement of cost-effective methods. For further details on costs and reasonableness review, please refer to the Energy Procurement Testimony (Ex. SDGE-11). SDG&E proposes to transfer the December 31, 2027 ACCUMA electric undercollected balance to the Electric Distribution Fixed Cost Account and ACCUMA gas undercollected balance to Core Fixed Cost Account and Noncore Fixed Cost Account for amortization into rates. In addition, SDG&E proposes to continue current ratemaking treatment of the ACCUMA. The December 31, 2025 undercollected balances are \$0.121 million for electric and \$0 million for gas.

2. Adaptive Streetlight Maintenance Memorandum Account (ASLMMA)

The electric ASLMMA is an interest-bearing memorandum account, recorded on SDG&E's financial statements. The purpose of the account is to records incremental expenses associated with the ongoing maintenance of the Dimmable Streetlight and Ancillary Device rate options, pursuant to D.17-08-030, OP 26 and 27. The ASLMMA also records monthly maintenance fees from participating customers. SDG&E proposes to transfer the ASLMMA balance to the Electric Distribution Fixed Cost Account for amortization into rates. In addition, SDG&E proposes to continue current ratemaking treatment of the ASLMMA. For further details on costs and reasonableness review, please refer to the Customer Services Testimony (Ex. SDGE-12). The December 31, 2025 undercollected balance is \$0.013 million.

3. Climate Adaptation Vulnerability Assessment Memorandum Account (CAVAMA)

The electric and gas CAVAMA are interest-bearing memorandum accounts recorded on

1 the SDG&E's financial statements. The purpose of the CAVAMA is to record costs directly
2 related to the climate vulnerability assessments and any incremental costs related to the
3 community engagement, the community engagement plans, and the related community
4 engagement surveys, as authorized in D.20-08-046.¹¹ For further details and reasonableness
5 review of CAVAMA costs are discussed in SDG&E's Electric Distribution O&M testimony (Ex.
6 SDGE-09). SDG&E proposes to transfer the December 31, 2027 CAVAMA electric
7 undercollected balance to the Electric Distribution Fixed Cost Account and CAVAMA gas
8 undercollected balance to Core Fixed Cost Account and Noncore Fixed Cost Account for
9 amortization into rates. In addition, SDG&E proposes to continue current ratemaking treatment
10 of the CAVAMA. The December 31, 2025 undercollected balances are \$7.432 million for
11 electric and \$0.244 million for gas.

12 **4. California Consumer Privacy Act Memorandum Account (CCPAMA)**

13 The electric and gas CCPAMA are interest-bearing memorandum accounts recorded on
14 SDG&E's financial statements. The purpose of the CCPAMA is to record the incremental costs
15 associated with complying with consumer privacy obligations as required by Assembly Bill (AB)
16 375¹² and the California Privacy Rights Act of 2020. Further cost details and reasonableness
17 review of CCPAMA costs are discussed in SDG&E's Customer Services testimony (Ex. SDGE-
18 12). SDG&E proposes to transfer the December 31, 2027 CCPAMA electric undercollected
19 balance to the Electric Distribution Fixed Cost Account and CCPAMA gas undercollected
20 balance to Core Fixed Cost Account and Noncore Fixed Cost Account for amortization into
21 rates. In addition, SDG&E proposes to continue current ratemaking treatment of CCPAMA.
22 The December 31, 2025 undercollected balances are \$0.346 million for electric and \$0.206
23 million for gas.

¹¹ D.20-08-046, OP 10.

¹² AB 375 (Chau, 2018), *available at*:
https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB375.

1 **5. Emergency Customer Protections Memorandum Account (ECPMA)**

2 The electric and gas ECPMA are interest-bearing memorandum accounts recorded on
3 SDG&E's financial statements. The purpose of these accounts is to record the incremental costs
4 and waived charges incurred by SDG&E associated with providing the residential and non-
5 residential emergency customer protections. For further details on costs and reasonableness
6 review, please refer to the Customer Services testimony (Ex. SDGE-12). SDG&E proposes to
7 transfer the December 31, 2027 ECPMA electric undercollected balance to the Electric
8 Distribution Fixed Cost Account and ECPMA gas undercollected balance to Core Fixed Cost
9 Account and Noncore Fixed Cost Account for amortization into rates. In addition, SDG&E
10 proposes to continue current ratemaking treatment of ECPMA. The December 31, 2025
11 undercollected balances are \$0.023 million for electric and \$0.008 million for gas.

12 **6. High DER Memorandum Account (HDERMA)**

13 The electric HDERMA is an interest-bearing memorandum account recorded on
14 SDG&E's financial statements. The purpose of this account is to record incremental costs
15 associated with the implementation of the Integration Capacity Analysis (ICA) and Locational
16 Net Benefit Analysis (LNBA) methodologies, Grid Needs Assessments (GNA), Distribution
17 Deferral Opportunity Report (DDOR), and Data Access Portal. The HDERMA consists of three
18 subaccounts: 1) the ICA Subaccount, 2) the LNBA Subaccount, and 3) the GNA, DDOR and
19 Data Access Portal Subaccount. For further details on costs and reasonableness review, please
20 refer to the SDG&E's Electric Distribution O&M testimony (Ex. SDGE-09). SDG&E proposes
21 to transfer the December 31, 2027 HDERMA undercollected balance to the Electric Distribution
22 Fixed Cost Account for amortization into rates. In addition, SDG&E proposes to continue
23 current ratemaking treatment of HDERMA. The December 31, 2025 undercollected balance is
24 \$0.509 million.

25 **7. Interruption Cost Estimate 2.0 Calculator Memorandum Account**
26 **(ICEMA)**

27 The electric ICEMA is an interest-bearing memorandum account that is recorded on
28 SDG&E's financial statements. The purpose of the ICEMA is to record incremental costs up to
29 \$600,000, plus an additional 15 percent associated with participating in ICE 2.0 Calculator
30 development. For further details on costs and reasonableness review, please refer to the
31 SDG&E's Administrative & General testimony (Ex. SDGE-23). SDG&E proposes to transfer

1 the December 31, 2027 ICEMA undercollected balance to the Electric Distribution Fixed Cost
2 Account for amortization into rates. In addition, SDG&E proposes to continue current
3 ratemaking treatment of the ICEMA. The December 31, 2025 undercollected balance is \$0.529
4 million.

5 **8. Income Graduated Fixed Charge Memorandum Account (IGFCMA)**

6 The electric IGFCMA is an interest-bearing memorandum account that is recorded on
7 SDG&E's financial statements. Pursuant to D.24-05-028, the Commission authorized the
8 IGFCMA to record the actual incremental implementation costs of implementing income-
9 graduated fixed charges.¹³ For further details on costs and reasonableness review, please refer to
10 the SDG&E's Customer Services testimony (Ex. SDGE-12). SDG&E proposes to transfer the
11 December 31, 2027 IGFCMA balance to the Electric Distribution Fixed Cost Account for
12 amortization into rates. SDG&E expects to have an undercollection in the account by year-end
13 2027. In addition, SDG&E proposes to continue current ratemaking treatment of IGFCMA. The
14 December 31, 2025 overcollected balance is \$0.122 million.

15 **9. Net Billing Tariff Memorandum Account (NBTMA)**

16 The electric NBTMA is an interest-bearing memorandum account that is recorded on
17 SDG&E's financial statements. The purpose of the Net Billing Tariff Memorandum Account
18 (NBTMA) is to record costs for implementation of and marketing, education and outreach for the
19 successor net-metering (NEM) tariff(s), and for the data collection, administrative support, and
20 execution of the third-party evaluation as authorized in D.22-12-056.¹⁴ For further details on
21 costs and reasonableness review, please refer to the SDG&E's Customer Services testimony (Ex.
22 SDGE-12). SDG&E proposes to transfer the December 31, 2027 NBTMA undercollected
23 balance to the Electric Distribution Fixed Cost Account for amortization into rates. In addition,
24 SDG&E proposes to continue current ratemaking treatment of the NBTMA. The December 31,
25 2025 undercollected balance is \$9.313 million.

26

¹³ D.24-05-028, OP 1.

¹⁴ D.22-12-056, OP 12(a).

1 **10. Net Energy Metering Aggregation Memorandum Account**
2 **(NEMAMA)**

3 The electric NEMAMA is an interest-bearing memorandum account that is recorded on
4 SDG&E's financial statements. The purpose of the NEMAMA is to record the costs associated
5 with the Net Energy Metering Aggregation Program (NEM Aggregation), including billing-
6 related fees, operations and maintenance, and administrative and general expenses. For further
7 details on costs and reasonableness review, please refer to the SDG&E's Customer Services
8 testimony (Ex. SDGE-12). SDG&E proposes to transfer the December 31, 2027 NEMAMA
9 overcollected balance to the Electric Distribution Fixed Cost Account for amortization into rates.
10 In addition, SDG&E proposes to continue current ratemaking treatment of NEMAMA. The
11 December 31, 2025 overcollected balance is \$3.957 million.

12 **11. Natural Gas Leak Abatement Program Memorandum Account**
13 **(NGLAPMA)**

14 The gas NGLAPMA is an interest-bearing memorandum account recorded on SDG&E's
15 financial statements. The purpose of the NGLAPMA is to record the incremental administrative
16 costs associated with the implementation of the Natural Gas Leak Abatement Program
17 (NGLAP), pursuant to D.17-06-015. For further details on costs and reasonableness review,
18 please refer to the SDG&E's Gas Engineering and System Integrity testimony (Ex. SDGE-03).
19 SDG&E proposes to transfer the December 31, 2027 NGLAPMA gas undercollected balance to
20 the Core Fixed Cost Account and Noncore Fixed Cost Account for amortization into rates. In
21 addition, SDG&E proposes to continue the current ratemaking treatment of the NGLAPMA.
22 The December 31, 2025 undercollected balance is \$1.648 million.

23 **12. Percentage of Income Payment Plan Memorandum Account**
24 **(PIPPMA)**

25 The electric and gas PIPPMA is an interesting-bearing memorandum account recorded to
26 SDG&E's financial statements. The purpose of the PIPPMA is to record all incremental
27 administrative costs associated with the PIPP Pilot program.¹⁵ For further details on costs and
28 reasonableness review, please refer to the SDG&E's Customer Services testimony (Ex. SDGE-
29 12). SDG&E proposes to transfer the December 31, 2027 PIPPMA electric undercollected
30 balance to the Electric Distribution Fixed Cost Account and PIPPMA gas undercollected balance

¹⁵ See D. 21-10-012 at 66-67, and OP 9 and OP 1.

1 to Core Fixed Cost Account and Noncore Fixed Cost Account for amortization into rates. In
2 addition, SDG&E proposes to continue current ratemaking treatment of PIPPMA. The
3 December 31, 2025 undercollected balances are \$3.252 million for electric and \$1.490 million
4 for gas.

5 **13. Residential Disconnections Protections Memorandum Accounts** 6 **(RDPMA)**

7 The electric and gas RDPMA are interest-bearing memorandum accounts recorded on
8 SDG&E's financial statements. The purpose of this account is to record incremental costs
9 associated with implementing the customer protections required by D.20-06-003.¹⁶ For further
10 details on costs and reasonableness review, please refer to the SDG&E's Customer Services
11 testimony (Ex. SDGE-12). SDG&E proposes to transfer the December 31, 2027 RDPMA
12 electric undercollected balance to the Electric Distribution Fixed Cost Account and RDPMA gas
13 undercollected balance to the Core Fixed Cost Account and Noncore Fixed Cost Account for
14 amortization into rates. In addition, SDG&E proposes to continue current ratemaking treatment
15 of the RDPMA. The December 31, 2025 undercollected balances are \$0.020 million for electric
16 and \$0.017 million for gas.

17 **14. Real Time Pricing Memorandum Account (RTPMA)**

18 The RTPMA is an interest-bearing memorandum account that is recorded on SDG&E's
19 financial statements. The Commission authorized the RTPMA to record incremental costs
20 incurred related to the implementation, measurement and evaluation ("M&E"), and marketing,
21 education, and outreach ("ME&O") for the Dynamic Export Rate Pilot approved in D.23-11-
22 006.¹⁷ For further details on costs and reasonableness review, please refer to the SDG&E's
23 Customer Services testimony (Ex. SDGE-12). SDG&E proposes to transfer the December 31,
24 2027 RTPMA undercollected balance to the Electric Distribution Fixed Cost Account for
25 amortization into rates. In addition, SDG&E proposes to continue current ratemaking treatment
26 of RTPMA. The December 31, 2025 undercollected balance is \$0.883 million.

27 **15. Vegetation Management Balancing Account (VMBA)**

28 The electric VMBA is an interest-bearing one-way balancing account that records the

¹⁶ D.20-06-003, OP 95.

¹⁷ *Id.*, OP 2 and 3.

1 difference between actual and authorized operating and maintenance (O&M) costs and capital-
2 related costs associated with SDG&E's vegetation management, pursuant to D.24-12-074.
3 Details of VMBA costs are discussed in SDG&E's Wildfire Mitigation and Vegetation
4 Management testimony (Ex. SDGE-07). SDG&E proposes to transfer the December 31, 2027
5 VMBA electric overcollected balance to the Electric Distribution Fixed Cost Account for
6 amortization into rates. In addition, SDG&E proposes to continue current ratemaking treatment
7 of the VMBA. The December 31, 2025 electric overcollected balance for the current GRC
8 period is \$24.054 million.

9 **C. Closure of Regulatory Accounts**

10 SDG&E proposes to close the six (6) regulatory accounts in this section. These accounts
11 have a zero balance and no additional costs are expected to be recorded in either account over
12 this GRC cycle.

13 **1. Distribution Deferral Contract Cost Balancing Account (DDCBA)**

14 The electric DDCBA, formerly known as the Incentive Pilot Contract Payment Balancing
15 Account (IPCPBA), is an interest-bearing memorandum account, recorded on SDG&E's
16 financial statements, that records contract costs associated with the procurement of distributed
17 energy resources procured for the purpose of displacing or deferring the need for capital
18 expenditures on traditional distribution infrastructure pursuant to the Utility Regulatory Incentive
19 Pilot authorized by D.16-12-036.¹⁸ There are currently no costs in this account and no additional
20 costs expected. SDG&E proposes to close the DDCBA. The December 31, 2025 undercollected
21 balance is \$0.0 million.

22 **2. Distribution Deferral Incentive Balancing Account (DDIBA)**

23 The electric DDIBA, formerly known as the Incentive Pilot Incentive Balancing Account
24 (IPIBA), is an interest-bearing memorandum account, recorded on SDG&E's financial
25 statements that records incentive amounts recoverable if the distributed energy resources
26 procured were successful in avoiding or deferring an otherwise planned utility expenditure
27 pursuant to the Utility Regulatory Incentive Mechanism Pilot authorized by D.16-12-036.¹⁹
28 There are currently no costs in this account and no additional costs expected. Accordingly,

¹⁸ D.16-12-036, at 2 and OP 23.

¹⁹ See D.161-12-036, OPs 20 and 22.

SDG&E proposes to close the DDIBA. The December 31, 2025 undercollected balance is \$0.0 million.

3. Distribution Integrity Management Program Balancing Account (DIMPBA)

The gas Post-2011 Distribution Integrity Management Program Balancing Account (DIMPBA) is a one-way interest-bearing balancing account that records the difference between actual and authorized operating and maintenance (O&M) costs and capital-related costs associated with SDG&E's Distribution Integrity Management Program (DIMP). Details of the DIMP costs are discussed in SDG&E's Gas Distribution testimony (Ex. SDGE-04) and Gas Engineering testimony (Ex. SDGE-03). SDG&E expects the account balance in the DIMPBA to be zero by December 31, 2027 and therefore is not seeking amortization of amounts in this account. Further, because SDG&E is proposing to include DIMP-related costs into base business, SDG&E requests authority to close the DIMPBA.

4. Overhead Pools Balancing Account (OPBA)

The electric OPBA is a one-way non-interest bearing tracking account not recorded on SDG&E's financial statements.¹⁵ The four overhead capital pools that are covered by this balancing account are as follows:

- (1) Local Engineering Electric Distribution pool,
- (2) Local Engineering –Substation pool,
- (3) Department Overhead pool, and
- (4) Contract Administration pool.

SDG&E proposes to close the OPBA and manage overhead pools as base business starting in 2028. For further discussion of the OPBA, please refer to the Electric Distribution Capital testimony (Ex. SDGE-08), previously tracked overhead pools costs are discussed in the Rate Base testimony (Ex. SDGE-28).

5. Safety Enhancement Expense Balancing Account (SEEBA)

The gas SEEBA is a two-way interest-bearing balancing account recorded on SDG&E's financial statements, subject to a 50% interim recovery mechanism where SDG&E is authorized to recover 50% of the actual balances annually, subject to refund upon CPUC reasonableness review. The SEEBA records incremental O&M costs associated with SDG&E's Line 1600 Pipeline Safety Enhancement Program (PSEP). SDG&E proposes to transfer the gas SEEBA

balance to the Core Fixed Cost Account (CFCA) and Noncore Fixed Cost Account (NFCA) for amortization into rates and to close the SEEBA thereafter. As of December 31, 2025, the O&M costs for Line 1600 that have not been recovered through the 50% interim mechanism total \$1.0 million. Based on current projections, SDG&E estimates an ending balance of \$0 as of December 31, 2027 related to Line 1600 O&M costs subject to review in this 2028 GRC. For further details on costs and reasonableness review, please refer to the Gas Major Projects Testimony (Ex. SDGE-06).

TABLE ED-3
San Diego Gas and Electric
Estimated 2026 and 2027 SEEBA
\$ in Thousands

Year	Beginning Balance	Amortization	Interest	Ending Balance
2026	988	(2,020)	(1)	(1,033)
2027	(1,033)	1,052	(19)	-

As shown in ED-3 above, SDG&E estimates total 2026 through 2027 amortizations of \$0.968 million for SEEBA. The ending balances as of December 31, 2027 associated with the O&M expenditures are estimated to be \$0 for SEEBA. SDG&E proposes to close the account .

6. New Electric Energization Memorandum Account (NEEMA)

The New Electric Energization Memorandum Account (NEEMA) is an interest-bearing memorandum account authorized by the California Public Utilities Commission (CPUC or Commission) in D.25-10-034, pursuant to Senate Bill (SB) 410 (and codified in California Public Utilities Code (Pub. Util. Code), Article 14.5 (Sections (§§) 930–940)). The NEEMA is authorized to record actual, incremental capital-related costs for electric distribution energization projects that exceed amounts authorized in SDG&E’s TY2024 GRC for eligible projects placed in service between January 1, 2024, and December 31, 2026, subject to annual and total cost caps, and reasonableness review. As discussed in SDG&E’s Electric Distribution Capital testimony (Ex. SDGE-08), SDG&E has elected not to record or seek to recover eligible incremental energization costs in the NEEMA. Accordingly, SDG&E is proposing closure of the account.

D. Continuation of Regulatory Accounts

SDG&E is proposing continuation of ratemaking treatment, without modification, for the four (4) regulatory accounts in this section without amortization of any balances into rates.

1 **1. Electric Vehicle Infrastructure Memorandum Account (EVIMA)**

2 The electric EVIMA is an interest-bearing memorandum account recorded on SDG&E's
3 financial statements. The purpose of the account is to record the incremental costs associated
4 with the new Electric Vehicle (EV) Infrastructure Rule. SDG&E is seeking to include these
5 costs in base business and therefore intends to close this account, but due to reasons included in
6 the Electric Distribution Capital Testimony (Ex. SDGE-08), SDG&E intends to keep the account
7 open until a reasonableness review is conducted through a future application. Accordingly,
8 SDG&E proposes to discontinue recording in this account by December 31, 2027 or disposition
9 of its balance, whichever occurs first.

10 **2. Pension Balancing Accounts (PBA) and Post-Retirement Benefits**
11 **Other Than Pensions Balancing Accounts (PBOPBA)**

12 The electric and gas PBA and PBOPBA are two-way, interest-bearing balancing accounts
13 recorded on SDG&E's financial statements. The purpose of the PBA is to balance the difference
14 between the forecasted and actual contributions to SDG&E's pension fund. The purpose of the
15 PBOPBA is to balance the annual PBOP costs embedded in authorized rates with the lesser of
16 (1) the PBOP costs calculated in accordance with Accounting Standards Codification 715 or (2)
17 actual tax-deductible contributions to the PBOP trust. Forecasted pension and PBOP costs are
18 discussed in the Corporate Center – Pension & PBOPs testimony (Ex. SDGE-21).

19 These accounts consist of both O&M and capital components. The SDG&E O&M
20 component includes pension/PBOP costs adjusted for costs capitalized to utility rate base and
21 intercompany pension/PBOP costs billed by or charged to SDG&E's affiliate companies. The
22 capital component reflects pension/PBOP costs recovered through depreciation, including the
23 return associated with the unamortized balance of pension/PBOP costs capitalized to utility rate
24 base.

25 Pursuant to D.09-09-011, SDG&E amortizes PBA and PBOPBA balances annually
26 through its regulatory account update advice letter filing. This filing includes detailed
27 workpapers with recorded data and forecasts based on the latest actuarial studies. SDG&E
28 proposes to continue the current ratemaking treatment and annual recovery process for both
29 accounts in the TY 2028 GRC.

30 **3. Vegetation Management Memorandum Account (VMMA)**

31 The Vegetation Management Memorandum Account (VMMA) is an interest-bearing
32 memorandum account. Pursuant to D.24-12-074, VMMA will record any actual operating and

1 maintenance (O&M) costs and capital-related costs above authorized levels for the Vegetation
2 Management Balancing Account (VMBA). There are no costs recorded in this account as of
3 December 31, 2025. SDG&E proposes to continue the current ratemaking treatment of the
4 VMMA. Details of any VMMA costs are discussed in SDG&E's Wildfire Mitigation and
5 Vegetation Management testimony (Ex. SDGE-07).

6 **4. Wildfire Mitigation Plan Memorandum Account (WMPMA)**

7 The electric and gas WMPMA is an interest-bearing memorandum account recorded to
8 SDG&E's financial statements. The WMPMA was established pursuant to D.19-05-039 and
9 Pub. Util. Code § 8386.4(a), as modified by AB 1054. This account records costs incurred to
10 implement SDG&E's approved Wildfire Mitigation Plan and reflects both authorized revenues
11 and incurred expenditures. To the extent the account reflects a balance, that balance thus reflects
12 incremental costs (net of revenue requirement authorized in SDG&E's GRC or other proceedings
13 deemed appropriate by the Commission). SDG&E proposes to continue current ratemaking
14 treatment of the WMPMA.

15 The Commission's Track 2 Decision in SDG&E's Test Year 2024 GRC, D.26-01-021,
16 notes the then-applicable statutory construct for recovery of incremental WMP costs, explaining
17 that Pub. Util. Code "Section 8386.4 specifies that utilities may seek recovery of incremental
18 WMP costs through two approaches: (1) the utility's General Rate Case; or (2) a separate
19 application filed at the end of the time period covered by the applicable three-year WMP."²⁰
20 SDG&E's currently applicable WMP is for 2026-2028. Yet D.26-01-021 provides that, "[i]f San
21 Diego Gas & Electric Company (SDG&E) seeks recovery of wildfire mitigation costs for years
22 2024 and 2025, SDG&E shall file an application before it files its next General Rate Case
23 (GRC). SDG&E's application for recovery of wildfire costs for 2026 shall be part of SDG&E's
24 next GRC."²¹

25 As of December 31, 2025, the WMPMA has an undercollected balance of \$56.052
26 million, excluding the amounts authorized in Track 2 and requested in Track 3 of A.22-05-015 *et*
27 *al.* For the reasons set forth below, SDG&E is not currently seeking cost recovery of the
28 \$56.052 million undercollected balance at this time and therefore no application has been filed.

²⁰ D.26-01-021 at 166.

²¹ D.26-01-021, OP 11.

1 Nor is SDG&E requesting a reasonableness review of these costs or costs related to 2026 WMP
2 implementation because SDG&E has not yet incurred full year 2026 costs.

3 Instead, consistent with Pub. Util. Code § 8386.4, SDG&E is proposing the Commission
4 conduct a reasonableness review for any incremental costs recorded to SDG&E's WMPMA (to
5 the extent there is an undercollected balance) after the end of the 2024 GRC cycle rather than in
6 the instant application. This submission timeline would allow for recording of costs throughout
7 the entire GRC cycle and allow them to be presented in an after-the-fact reasonableness review if
8 the WMPMA balance is still undercollected. This is reasonable and justified for two primary
9 reasons.

10 First, on December 17, 2025, SoCalGas and SDG&E jointly filed a Petition for
11 Modification (PFM) of the 2024 GRC Decision. The PFM seeks to modify the CPUC adopted
12 post-test year mechanism for 2025-2027 related to the calculation of capital costs. For costs
13 recorded to the WMPMA, the PFM impacts capital costs that are subject to the authorized post-
14 test year mechanism – all wildfire mitigation capital-related costs except those related to the
15 Covered Conductor and Strategic Undergrounding programs.

16 The outcome of the PFM will directly impact the undercollection in the WMPMA.
17 SDG&E estimates that nearly half of the current WMPMA undercollection is due to this post-test
18 year mechanism issue. Because the PFM remains pending, SDG&E wishes to avoid the
19 appearance of seeking to recover costs that SDG&E has already effectively sought through its
20 PFM. As such, a reasonableness review for 2024 and 2025 costs is premature while SDG&E's
21 PFM remains pending.

22 Second, SDG&E manages its capital programs—including those related to the WMP—
23 over the course of the GRC cycle. Because of the 2024 GRC decision was issued in December
24 2024, the operational decisions in 2024 were not influenced by the final outcome of the GRC.
25 Thus, to stay within the authorized revenue requirement for the 2024 GRC cycle and minimize
26 the balance in the WMPMA, SDG&E may explore modifications to its wildfire mitigation
27 spending and WMP for the rest of the 2024 GRC cycle (through 2027). Therefore, it is possible,
28 especially at the program level, to reflect an undercollection in the earlier years, which could
29 even out or grow small by the end of the GRC cycle. Filing a reasonableness review at this early
30 stage —when capital planning is not yet complete— could create confusion for the Commission
31 and parties because program costs that are undercollected in a mid-cycle reasonableness review

1 may ultimately be overcollected by the end of the GRC cycle. In short, the undercollection may
2 change and the reasons for any undercollection may also change, thus giving the Commission
3 and stakeholders an incomplete picture of SDG&E's WMPMA for the TY 2024 GRC.
4 Accordingly, it is premature and unnecessary to conduct a reasonableness review at this point
5 when the undercollection may not exist by the end of the GRC cycle.

6 SDG&E is providing this information regarding the current WMPMA undercollection so
7 that the Commission may understand the status of the account; however, SDG&E is requesting a
8 reasonableness review be completed after the end of the 2024 GRC cycle to determine whether
9 the WMPMA is undercollected, and if so, identify the underlying drivers.

10 **E. Modification of Regulatory Accounts**

11 The following section discusses four (4) regulatory accounts for which SDG&E proposes
12 modifications in the TY 2028 GRC.

13 **1. Gas Safety Enhancement Plan Memorandum Account (GSEPMA)**

14 The GSEPMA is an interest-bearing memorandum account recorded on SDG&E's
15 financial statements. The purpose of the account is to record above-authorized revenue
16 requirement associated with the Gas Safety Enhancement Plan (GSEP), and specifically the
17 incremental, substantial, and non-speculative costs resulting from PHMSA amendments to
18 federal regulations. Balances in the GSEPMA are subject to reasonableness review in a future
19 GRC or other applicable proceeding. As discussed in the Gas Engineering and System Integrity
20 testimony (Ex. SDGE-03), the GSEP may be impacted by federal, state, and local regulatory
21 changes that are issued mid-GRC cycle and many such regulations are outside of the current cost
22 recovery authorization provided by the GSEPMA, which applies only to compliance costs
23 associated with federal regulations. Accordingly, SDG&E proposes to create a subaccount
24 structure for GSEPMA to manage and report GSEP costs, whether from federal, state, or local
25 rules and regulations, as follows:

- 26 1. GSEP-GRC Subaccount – The GSEP-GRC Subaccount would record above-
27 authorized amounts associated with PHMSA amendments to federal regulations.
- 28 2. Regulation-specific subaccounts (specific names to be determined) – The
29 additional proposed subaccounts, if any, will record costs associated with
30 compliance with any new or amended state or local pipeline safety regulatory
31 requirements. SDG&E proposes to create new subaccounts for new or amended
32 state or local requirements.

SDG&E does not have control over the effective dates of new rules or amendments, which are generally subject to change until enacted. Therefore, SDG&E proposes to file a Tier 1 advice letter to: 1) notify the Commission once new rules, regulations, or amendments have been enacted and 2) to modify the GSEPMA Preliminary Statement to add a new subaccount under GSEPMA specific to the new rule, regulation, or amendment. In the regulation-specific subaccount, SDG&E will track incremental revenue requirement associated with O&M and capital expenditures that were not forecasted in the TY 2028 GRC cycle as a result of the change discussed in the Tier 1 advice letter. Balances in all GSEPMA subaccounts will be subject to reasonableness reviews in a future GRC or other applicable proceeding.

2. Liability Insurance Premium Balancing Account (LIPBA)

The LIPBA is a two-way interest-bearing balancing account recorded on SDG&E's financial statements. The purpose of the account is to balance the difference between the authorized revenue requirement related to liability insurance premiums (LIP) charged to SDG&E from Corporate Center and the actual expenses incurred and charged to SDG&E. Pursuant to D.24-12-074, SDG&E may also track costs and funding associated with a Self-Insurance fund. Forecasted LIP costs are discussed in the Insurance testimony (Ex. SCG-15/SDGE-19). The LIPBA is currently comprised of three subaccounts:

- 1) Under-Limits Subaccount,
- 2) Over-Limits Subaccount, and
- 3) Self Insurance Subaccount

SDG&E proposes to continue the three sub-accounts approved in D.24-12-074, and proposes modifications to the process associated with the Under-Limits Subaccount, Self-Insurance Subaccount, and the creation of a new subaccount for the TY 2028 GRC.

a. Under-Limits Subaccount (Modification)

The Under-Limits subaccount records the difference between the authorized and actual recorded costs for liability insurance.²² D.24-12-074 approved different advice letter processes to address the balance in the under-limits subaccount depending on whether claims exist.²³ For

²² Liability Insurance Premium Balancing Account Preliminary Statement, Sheet 1, available here: <https://tariffsprd.socalgas.com/view/tariff/?utilId=SCG&bookId=GAS&tarfKey=591>

²³ D.24-12-074 at 915-916.

1 this GRC, SDG&E proposes a single process—a Tier 2 advice letter—to address the balance in
2 this account. This simplification is consistent with the process approved in D.19-09-051.²⁴

3 **b. Self-Insurance Subaccount (Modification)**

4 Pursuant to the Insurance Settlement approved in D.24-12-074, the purpose of the Self-
5 Insurance Subaccount is to administer accruals and costs associated with wildfire self-
6 insurance.²⁵ Consistent with TY 2024 GRC, Sempra exercised the self-insurance option as of
7 June 2025 and any accruals that remain in SDG&E’s Self-Insurance Subaccount as of December
8 31, 2027, will remain in the account.²⁶ Amounts rolled over will offset approved self-insurance
9 costs so that no more than the self-insurance coverage authorized in the TY 2028 GRC is
10 recovered from ratepayers.

11 As further discussed in the Insurance testimony (Ex. SCG-15/SDGE-19), SDG&E seeks
12 authorization to modify the LIPBA Self-Insurance Subaccount to permit a new replenishment
13 mechanism in the event of wildfire claims. Currently, this subaccount requires that, in the event
14 of wildfire claims, SDG&E must file a Tier 3 advice letter to seek recovery of self-insurance
15 costs and replenishment of self-insurance accruals. SDG&E seeks modification to permit
16 SDG&E to establish a formulaic replenishment mechanism when shortages exist.
17 Replenishment will not exceed the total coverage elected and will be recovered consistent with
18 the schedule outlined in the Insurance testimony (*see* Ex. SCG-15/SDGE-19). If this formulaic
19 replenishment mechanism is applied, SDG&E will include the application of the mechanism in
20 its year-end consolidated advice letter filing, and include details of the recovery of the
21 replenishment amounts over a two-year period in the event that wildfire losses result in a
22 shortfall (*e.g.*, undercollected balance) in the Self-Insurance Subaccount.

23 As described in the Insurance testimony (Ex. SCG-15/SDGE-19), SDG&E is also
24 seeking flexibility with respect to the layer of self-insurance of \$50 million in a given year.
25 Should the Commission grant such flexibility, SDG&E will notify the Commission and
26 implement this through its year-end consolidated advice letter processes.

27 **c. Captive Subaccount (New)**

²⁴ D.19-09-051, OP 7.

²⁵ D.24-12-074, Appendix B (Settlement on Insurance) at 13.

²⁶ *Id.* at 11.

SDG&E proposes creation of a new Captive Subaccount within LIPBA. The Captive Subaccount will record incremental costs associated with a feasibility study to assess the cost-effectiveness of establishing a captive insurer and implementation costs should SoCalGas and SDG&E exercise the captive option. Details of the captive proposal are discussed in the Insurance testimony (Ex. SCG-15/SDGE-19). The balance in the Captive Subaccount will be addressed in a future GRC or other applicable proceeding.

3. New Environmental Regulation Balancing Account (NERBA) / New Environmental Regulation Memorandum Account (NERMA)

The electric and gas NERBA are one-way, interest-bearing balancing accounts recorded on SDG&E's financial statements. The NERBA was established for environmental costs associated with SDG&E's electric business and gas business.²⁷ Its purpose is to balance the difference between actual and authorized incremental costs associated with certain new and proposed federal and state environmental regulations.

The electric NERBA consists of three subaccounts:

- 1) Polychlorinated biphenyls (PCB) Subaccount;
- 2) Assembly Bill 32 Administration Fees Subaccount; and
- 3) Municipal Separate Storm Sewer System (MS4) Compliance Subaccount.²⁸

Details of costs included in these subaccounts are discussed in SDG&E's Environmental Services testimony (Ex. SDGE-17). SDG&E expects the balance in the electric NERBA to be \$0 on December 31, 2027.

The gas NERBA consists of five subaccounts:

- 1) Subpart W Subaccount;
- 2) AB 32 Administration Fees Subaccount;
- 3) Leak Detection and Repair (LDAR) Subaccount;
- 4) MS4 Compliance Subaccount; and
- 5) Natural Gas Leak Abatement Program (NGLAP) Subaccount.²⁹

²⁷ D.13-05-010 at 95 and 239.

²⁸ D.16-06-054 at 23 and OP 8.

²⁹ D.16-06-054 at 23 and OP 8; D.17-06-015 at OP 7; *see also* SDG&E AL 2593-G approved September 6, 2017 and effective July 17, 2017.

1 Details of costs included in gas NERBA subaccounts are discussed in the Environmental
2 Services testimony (Ex. SDGE-17) and Gas Transmission testimony (Ex. SDGE-05). SDG&E
3 expects the balance in the gas NERBA to be \$0 on December 31, 2027.

4 **a. Subaccount Closures for NERBA**

5 SDG&E is proposing to include its forecasted costs in base business for TY 2028 for
6 subaccounts electric MS4 and gas Subpart W, MS4, and LDAR. Upon approval of this request,
7 SDG&E proposes to close these subaccounts. Any overcollections left in these accounts at the
8 end of the GRC period will be amortized into rates. Any undercollections will be captured
9 through NERMA and will be recovered through an application.

10 **b. Gas PCB Subaccount (New)**

11 SDG&E is requesting to add a two-way gas Polychlorinated biphenyls (PCB) Subaccount
12 to accommodate the phase out of PCBs which are often contained in natural gas pipelines.
13 SDG&E currently has an electric only PCB Subaccount.

14 **c. Electric PCB Subaccount & Electric and Gas AB 32**
15 **Subaccounts (Modification)**

16 SDG&E is requesting that two-way balancing account treatment be reinstated for the
17 NERBA for the existing electric and gas AB 32 Subaccounts, which cover expenditures for AB
18 32, and the pre-existing electric PCB Subaccount (as well as the newly proposed gas PCB
19 subaccount). Two-way treatment is requested because amounts authorized for recovery in these
20 subaccounts and the associated memorandum account (NERMA) are required O&M costs that
21 should be balanced on a two-way basis. SDG&E's Environmental Services testimony (Ex.
22 SDGE-17) provides additional details on these costs and the rationale supporting two-way
23 treatment for these subaccounts.

24 **d. Continuation of the NGLAP Subaccount**

25 The NERBA NGLAP Subaccount is ongoing and recovery is addressed outside of the
26 GRC. The disposition for the NGLAP Subaccount is to be determined in a separate Tier 3
27 advice letter process in compliance with D.17-06-015.

28 **e. Discontinuation of the NERMA on December 31, 2027**

29 The NERMA was created when the Commission modified the NERBA from a two-way
30 to a one-way balancing account in D.24-12-074. NERMA records above-authorized costs and

1 requires a reasonableness review.³⁰ Consistent with SDG&E's request herein to modify the gas
2 and electric NERBA AB 32 Subaccounts and the PCB Subaccount from a one-way to a two-way
3 balancing account, SDG&E proposes to cease recording costs in the NERMA on December 31,
4 2027, and proposes to seek reasonableness review of recorded amounts in an application
5 thereafter. SDG&E will request closure of the NERMA after approved costs are amortized.

6 If the Commission does not approve SDG&E's proposal to modify the NERBA AB 32
7 Subaccounts and PCB Subaccounts, from one-way to two-way balancing, SDG&E requests to
8 continue the current ratemaking treatment for NERMA.

9 **4. Transmission Integrity Management Program Balancing** 10 **Account (TIMPBA)**

11 The Transmission Integrity Management Program Balancing Account (TIMPBA) is an
12 interest-bearing one-way balancing account that records the difference between actual and
13 authorized operations and maintenance (O&M) costs and capital-related costs associated with
14 SDG&E's TIMP. Pursuant to D.24-12-074, any excess costs over authorized will be recorded in
15 the Transmission Integrity Management Program Memorandum Account (TIMPMA) subject to a
16 reasonableness review in an application. Further details on TIMPBA are discussed in SDG&E's
17 Gas Major Projects testimony (Ex. SDGE-06) and Gas Engineering testimony (Ex. SDGE-03).
18 The December 31, 2025 undercollected balance is \$59.604 million.

19 In the TY 2024 GRC cycle, the Commission converted SDG&E's balancing account
20 (TIMPBA) from a two-way to a one-way balancing account, with above-authorized costs to be
21 recorded in a memorandum account (TIMPMA) subject to reasonableness review in an
22 application, stating that "this ensures a reduction in the amounts that may be recovered in rates in
23 balancing accounts through advice letters and provides the rate recovery of any above-authorized
24 costs will occur via the more thorough reasonableness review application process that will better
25 protect ratepayers." Because implementation of the one-way balancing account and separate
26 memorandum account has resulted in unnecessary inefficiencies, SDG&E proposes to implement
27 a two-way balancing account structure with reasonableness review on all above-authorized costs,
28 thus maintaining the intent and functional result of D.24-12-074.

29 Separately, SDG&E proposes and an interim cost recovery mechanism, subject to refund,

³⁰ D.24-12-074 at OP 10(a).

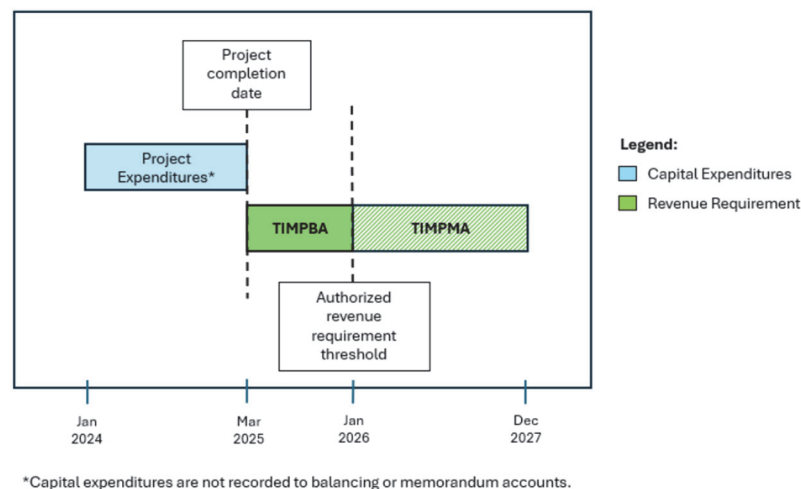
1 that will allow SDG&E to recover 50% of the TIMPBA above-authorized balance annually to
2 save interest costs and smooth rates for ratepayers and avoid adverse financial impacts, such as a
3 downgrade of SDG&E's credit rating and higher interest costs borne by ratepayers.

4 **a. Two-Way Balancing Account Proposal With Reasonableness**
5 **Review**

6 For the TY 2028 GRC cycle, SDG&E requests the Commission revert the TIMPBA to a
7 two-way balancing account, but with a reasonableness review of above-authorized amounts
8 recorded in the TIMPBA. For clarity, SDG&E is not seeking a two-way balancing account
9 without a reasonableness review or restoration of the mechanism under which SDG&E was
10 previously authorized to recover undercollections associated with up to 35% of actual
11 expenditures greater than authorized expenditures through a Tier 3 advice letter. SDG&E's
12 proposal is simply to allow SDG&E to continue recording above-authorized amounts in the same
13 account as authorized amounts rather than require above-authorized amounts to be recorded in a
14 separate memorandum account (the TIMPMA). Pursuant to this proposal, all above-authorized
15 amounts will remain in the TIMPBA, rather than be transferred to the TIMPMA, but will be
16 subject to the same reasonableness review process as required for amounts in the TIMPMA. As
17 described below, the rationale behind this request is largely to avoid duplicative efforts and
18 inefficiencies, improve accounting controls, and support reasonableness reviews of TIMP
19 projects.

20 The TIMPBA was created to record costs associated with on-going compliance with 49
21 Code of Federal Regulations (CFR) Section (§)192, Subpart O and the potential for future
22 changes in pipeline inspection requirements. And importantly, due to the nature of TIMP, there
23 will be hundreds of TIMP projects, with TIMP associated costs, that will occur during the 2028
24 through 2031 GRC cycle. These projects may be on-going from the previous cycle, they may
25 occur entirely within the bounds of this GRC cycle, or they may be initiated in this GRC cycle
26 and conclude in a future GRC cycle. From an accounting standpoint, the introduction of a
27 separate account to record above-authorized revenue requirement has added a significant level of
28 complication. The current TIMP memorandum account requirement means that many project
29 costs are being recorded across two accounts. That is, some project costs may be recorded in the
30 TIMPBA (if initiated when SDG&E was still within approved revenue requirement), then in the
31 TIMPMA (when SDG&E starts to record above-authorized amounts).

The chart below attempts to illustrate the execution of a balancing account with accompanying memorandum account, and specifically the situation where capital expenditures were incurred within authorized expenditure limits, but capital revenue requirement associated with the project are still recorded across both a balancing account and a memorandum account. The example depicts a common situation in the 2024 GRC where the forecasts are found to be reasonable, but only the revenue requirement associated with the Test Year is approved.³¹ Thus, a project that is authorized for spending is only partially authorized for recovery up until the authorized revenue requirement threshold for the balancing account is reached. Thereafter, the project's on-going capital-related revenue requirement is recorded to a memorandum account and is subject to a reasonableness review application despite the project's expenditures being within authorized limits. This is not a reasonable or effective method of accounting for utility costs.



To resolve this issue, the Commission should eliminate the mismatch between approved capital costs and authorized revenue requirement. For purposes of SDG&E's regulatory accounts, the Commission should approve the use of two-way balancing accounts with a reasonableness review for above-authorized amounts, where appropriate, including for purposes of the TIMPBA. A two-way balancing account, with reasonableness review via an application for all above-authorized revenue requirement achieves the same result with respect to review of

³¹ See, e.g., D.24-12-074 at 246 ("...the Commission finds the uncontested TIMP Capital funding amounts of \$134.132 million, \$134.982 million, and \$167.841 million to be reasonable and adopts them for 2022, 2023, and 2024 respectively.")

1 costs as a one-way balancing account paired with a memorandum account, but removes the
2 accounting and cost tracking complexities that come with two separate accounts to manage
3 numerous projects within a single continuous program.

4 **b. Discontinuation of the TIMPMA on December 31, 2027**

5 As discussed above, the Commission modified the TIMPBA from a two-way to a one-
6 way balancing account in D.24-12-074, and created a new memorandum account—the
7 TIMPMA—to record above-authorized costs that would then require a reasonableness review.³²
8 Consistent with SDG&E’s request herein to modify the TIMPBA from a one-way to a two-way
9 balancing account, with reasonableness review on above-authorized costs, SDG&E requests that
10 the Commission discontinue the TIMPMA on December 31, 2027. SDG&E is seeking this
11 treatment to allow the account to remain open pending a reasonableness review of the costs
12 recorded therein, but SDG&E proposes to cease recording costs in the account on December 31,
13 2027. If the Commission does not approve SDG&E’s proposal to modify the TIMPBA from a
14 one-way balancing account to a two-way balancing account, SDG&E requests to continue the
15 current ratemaking treatment for TIMPMA.

16 **c. 50% Interim Cost Recovery Mechanism**

17 SDG&E proposes an interim cost recovery mechanism permitting recovery of 50% of the
18 actual, above-authorized balance in the TIMPBA on an annual basis, subject to refund. This
19 interim cost recovery mechanism would allow SDG&E partial, interim recovery to fund the
20 continuation of necessary safety and compliance work, and balance smoother rates for
21 customers.

22 The CPUC previously approved this type of interim recovery for SDG&E’s PSEP in
23 D.16-08-003 citing Staff’s concerns regarding rate shock as they understood PSEP had the
24 potential to lead to delayed recovery of necessary compliance costs.³³ Most recently, the CPUC
25 also approved interim cost recovery of regulatory account balances pending completion of a
26 reasonableness review and subject to refund in D.24-03-006, D.24-09-003, and D.26-02-006. In
27 these Decisions, the CPUC recognizes interest cost savings for ratepayers and indicates that
28 interim rate increases provide the opportunity to avoid negative financial consequences and rate

³² *Id.* at OP 10(c).

³³ D.16-08-003 at 9.

1 shock to customers, promoting fairness to both the utility and ratepayers.³⁴ The same benefits
2 will accrue to SDG&E and SDG&E ratepayers with interim recovery of TIMP balances.

3 The requested 50% interim cost recovery mechanism does not relieve SDG&E of the
4 need to justify any above-authorized for its TIMP. SDG&E still bears the burden of proof to
5 justify, via an application, the reasonableness of any above-authorized TIMP costs incurred.
6 Any amount recovered through the 50% interim cost recovery mechanism would be subject to
7 refund depending on the outcome of the reasonableness review.

8 **F. Proposed New Regulatory Accounts**

9 The following section discusses two (2) new regulatory accounts proposed by SDG&E in
10 the TY 2028 GRC.

11 **1. Transmission Revenue Requirement Reclassification Memorandum** 12 **Account (TRRRMA)**

13 SDG&E proposes to create the electric Transmission Revenue Requirement
14 Reclassification Memorandum Account (TRRRMA) as a two-way, interest-bearing
15 memorandum account recorded on SDG&E's financial statements. This memorandum account
16 would function like Pacific Gas and Electric's (PG&E) Transmission Revenue Requirement
17 Reclassification Memorandum Account (TRRRMA)³⁵ and Southern California Edison's (SCE)
18 recently requested Federal Energy Regulatory Commission (FERC) 898 Memorandum Account
19 (FERC898MA)³⁶ for the purpose of capturing cost shifts between the CPUC and FERC
20 jurisdictions due to accounting or regulatory changes. SDG&E does not currently possess such a
21 mechanism. Specifically, the memorandum account is intended to ensure that SDG&E recovers
22 prudently incurred costs that benefit ratepayers, but that become stranded due to the timing
23 differences between FERC and Commission proceedings and ratemaking practices. As
24 described further below, this proposed memorandum account will allow for recovery in CPUC
25 rates, subject to a reasonableness review, of prudently-incurred costs that SDG&E previously
26 recovered in FERC rates that FERC determines are no longer FERC-jurisdictional costs. Or that

³⁴ D.24-03-006 at 21-31; D.24-09-003 at 15-16; D.26-02-006 at 11-13.

³⁵ Originally approved by the CPUC in Res. E-3574 on June 24, 1999 and later modified in Advice Letter (AL) 6007-E filed on November 18, 2020.

³⁶ See Application (A.) 25-12-002, Application of SCE for Authorization to Recover Incremental Costs Related to Wildfire Mitigation and Catastrophic Events (December 4, 2025) at 6.

1 costs included in SDG&E's CPUC-jurisdictional revenue requirement that are determined should
2 be FERC-jurisdictional costs can be removed from CPUC rates.

3 FERC Order No. 898³⁷ underscores why SDG&E needs a memorandum account to
4 capture cost shifts between jurisdictions. FERC Order No. 898 created new accounts that require
5 certain costs, previously allocated between business functions, to be directly charged to Electric
6 Transmission, Electric Distribution, and Electric Generation function accounts. Under
7 SDG&E's FERC-approved Transmission Owner Tariff, SDG&E recovers its FERC-
8 jurisdictional transmission revenue requirement through a formula rate where SDG&E inputs its
9 actual costs that were incurred two-years prior; *i.e.*, SDG&E will recover its 2024 costs in 2026.
10 By contrast, the Commission applies forward-looking ratemaking.

11 Due to the timing differences between the forward-looking nature of CPUC cost recovery
12 using forecasts and the two-year lag in FERC cost recovery based on actual costs incurred,
13 prudently-incurred costs that SDG&E had previously allocated to transmission that are now
14 directly charged to distribution will not be recoverable in SDG&E's CPUC-jurisdictional rates
15 absent a memorandum account due to the Commission's use of forward-looking ratemaking.
16 Otherwise, it would constitute retroactive ratemaking. The opposite is true for previously
17 allocated costs now directly charged 100% to transmission. A component of these costs could
18 remain in the forward-looking CPUC jurisdictional rates, though they will now be recovered
19 fully in FERC jurisdictional rates.

20 The importance of such an account to address the cost recovery timing issue between
21 jurisdictions is underscored by FERC's Order in 186 FERC ¶ 61,223.³⁸ There, FERC found that
22 SDG&E's in-house fire bigrade should be accounted for as A&G rather than O&M, resulting in
23 approximately \$1.8 million in costs being shifted from FERC-transmission jurisdictional rates to
24 CPUC jurisdictional rates. Yet as discussed previously, due to the two-year lag between the
25 costs being incurred and FERC's determination, the cost shift was not included in SDG&E's
26 2024 GRC forecast—which was submitted well before that FERC Decision. Because SDG&E
27 did not have a mechanism to seek recovery through CPUC-jurisdictional rates of those shifted

³⁷ FERC Order No. 898 (183 FERC ¶ 61,205), *available at*: <https://www.ferc.gov/media/order-no-898>.

³⁸ FERC Order Accepting Informational Filing re: Fifth Transmission Owner Formula Rate (TO5)
Cycle 6 (effective January 1, 2024), *available at*:
<https://www.sdge.com/sites/default/files/documents/TO5%20C6%20Filing%20%28ER24-524%29%20Letter%20Order.pdf>.

1 costs without it being retroactive ratemaking SDG&E did not have any mechanism to recover
2 those costs—even though no one questioned the prudence of SDG&E maintaining a fire brigade.

3 SDG&E thus requests authorization to establish the TRRRMA, to record, as a credit, the
4 revenue requirement associated with O&M expenses and capital expenditures that were already
5 included in CPUC-jurisdictional rates but later included in FERC-jurisdictional transmission
6 rates. Likewise, SDG&E requests authorization to record, as a debit, the revenue requirement
7 associated with O&M expenses and capital expenditures that were originally sought for recovery
8 in FERC-jurisdictional rates and then later determined to be CPUC-jurisdictional expenses.
9 Importantly, SDG&E will file an application for a reasonableness review with the CPUC to
10 recover any balance recorded in the TRMMA before those costs are put in rates. In other words,
11 to take the fire brigade example, the Commission would still have to approve SDG&E
12 recovering those costs in distribution rates. Upon finding reasonable by the CPUC, SDG&E will
13 transfer the amounts recorded in the TRMMA, plus interest, to either the Electric Distribution
14 Fixed Cost Account or the Non-Fuel Generation Balancing Account for refund or recovery
15 through amortization in CPUC-jurisdictional rates.

16 **2. Customer Growth Incremental Memorandum Account (CGIMA)**

17 SDG&E proposes to create the electric New Customer Growth Incremental
18 Memorandum Account (CGIMA) as an interest-bearing memorandum account to be recorded on
19 SDG&E's financial statements. CGIMA would record above-authorized new electric business
20 costs, as discussed in the Electric Distribution Capital testimony (Ex. SDGE-08). Costs recorded
21 in the CGIMA would be subject to reasonableness review in a future GRC or other applicable
22 proceeding.

23 **G. Information on Other Regulatory Accounts**

24 The following section discusses five (5) regulatory accounts for informational purposes.

25 **1. Distribution Integrity Management Program Memorandum Account** 26 **(DIMPMA)**

27 The Post-2011 Distribution Integrity Management Program Memorandum Account
28 (DIMPMA) is an interest-bearing memorandum account recorded on SDG&E's financial
29 statements. Pursuant to D.24-12-074, DIMPMA will record actual, above-authorized operating
30 and maintenance (O&M) costs and capital-related costs for the Post-2011 Distribution Integrity
31 Management Program. In addition, D.24-12-074 authorizes, for recording in the DIMPMA,

1 revenue requirement associated with certain O&M and capital expenditures related to SDG&E's
2 Vintage Integrity Plastic Plan (VIPP) for replacement of Low-Ductile-Inner-Wall (LDIW) and
3 other Aldyl A plastic pipe up to 52 miles per year.

4 Consistent with SDG&E's proposal to discontinue recording DIMP costs to the DIMPBA
5 effective with the TY 2028 GRC cycle, SDG&E does not anticipate a need to continue the
6 mechanism authorized for DIMPMA for the TY 2028 GRC cycle. However, SDG&E is not
7 requesting closure of the account at this time. To the extent that any balance is recorded to the
8 DIMPMA as of December 31, 2027, the account will remain open for recording the revenue
9 requirement associated with the 2024 GRC cycle. SDG&E will file an application to seek
10 recovery of any remaining balances and will seek closure of the account in those cost recovery
11 proceedings.

12 **2. Master Meter Balancing Account (MMBA)**

13 The electric and gas MMBAs record the incremental costs associated with the conversion
14 of master-metered service at mobile home parks to direct utility service as part of Mobile home
15 Park Program authorized by the Commission in D.14-03-021, as further considered by D.20-04-
16 004. Pursuant to D.14-03-021, the MMBA will record all "to the meter" (TTM) and "beyond the
17 meter" (BTM) costs, both O&M and capital. Balances in the electric and gas MMBAs are
18 amortized into rates as part of the annual regulatory account balance update filing, and
19 subsequently subject to reasonable review via the GRC.

20 As authorized in D.14-03-021, SDG&E proposes for inclusion in rate base TTM and
21 BTM assets placed into service through December 31, 2025. If included in rate base, SDG&E
22 will discontinue recording the capital-related costs associated with pre-December 31, 2025 assets
23 in the MMBA. Post-December 31, 2025 capital-related costs will continue to be balanced in the
24 MMBA. SDG&E proposes to continue current ratemaking treatment of MMBA. For further
25 details on costs and reasonable review, please refer to SDG&E's Gas Distribution testimony (Ex.
26 SDGE-04).

27 **3. Officer Compensation Memorandum Account (OCMA)**

28 The electric and gas OCMA were created as memorandum accounts and do not post to
29 SDG&E's financial statements. Pursuant to SB 901, Pub. Util. Code § 706, and Res. E-4963, the
30 OCMA were established to track compensation for SDG&E officers to be paid solely by

1 shareholders.³⁹ The OCMA's are to be closed at the direction of the Commission.⁴⁰ Absent any
2 orders from the Commission, SDG&E will continue to use the OCMA's to track compensation
3 for its officers.

4 **4. SONGS O&M Balancing Account (SONGSBA) and Marine** 5 **Mitigation Memorandum Account (MMMA)**

6 SDG&E owns a 20% interest in SONGS, and as the 20% minority owner, SDG&E is
7 responsible for its 20% ownership share of all expenses for SONGS, including the Workers'
8 Compensation costs that are recorded in SONGSBA and the Marine Mitigation Project expenses
9 recorded in the MMMA.⁴¹ SCE bills SDG&E for SDG&E's proportionate share of these actual
10 costs incurred by SCE, plus any applicable contractual overhead.⁴²

11 The electric SONGSBA is a two-way, interest-bearing balancing account recorded on
12 SDG&E's financial statements. The purpose of the electric SONGSBA is to record the
13 difference between the SDG&E's authorized O&M cost and the actual costs billed by SCE.

14 The electric MMMA is an interest-bearing memorandum account recorded to
15 SDG&E's financial statements. The purpose of the electric MMMA is to record costs associated
16 with SONGS-related Marine Mitigation Projects between January 1, 2015, and the effective date
17 of rates adopted for SDG&E as a party to SCE's 2015 GRC (A.16-09-001).

18 A 2025 revenue requirement was approved for SONGSBA and MMMA in SCE's TY
19 2025 GRC.⁴³ Pursuant to D.25-09-030, SDG&E will update its SONGSBA and MMMA
20 revenue requirements for years 2026-2028 in its Annual Consolidated Update Filing.⁴⁴

21 **5. Tax Memorandum Account (TMA)**

22 The electric and gas TMAs were created pursuant to D.16-06-054 as interest-bearing
23 memorandum accounts that are not recorded on SDG&E's financial statements. The purpose of
24 the TMA is to track revenue differences resulting from the income tax expense approved in

³⁹ Res. E-4963 (December 13, 2018), OP 1 and 2.

⁴⁰ SDG&E AL 3324-E/2728-G, approved January 29, 2019 and effective January 1, 2019; *see also* Res. E-4963 at Appendix A.

⁴¹ D.06-11-026 at 12-13.

⁴² *Id.*, at 2 and Attachment A.

⁴³ *See* D.25-09-030, OPs 24-25.

⁴⁴ *Id.*

1 | SDG&E's TY 2024 GRC and actual tax expense incurred during the TY 2024 GRC period of
2 | January 1, 2024, through December 31, 2027.

3 | **III. CONCLUSION**

4 | The ratemaking treatment and balance disposition for the regulatory accounts discussed
5 | above is reasonable and should be adopted as proposed, subject to any necessary reasonableness
6 | review of costs as sponsored by the various witnesses referenced throughout this testimony. This
7 | concludes my prepared direct testimony.

1 **IV. WITNESS QUALIFICATIONS**

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. I
8 received a Bachelor of Science in Accounting in 1999 from the University of Kansas. I am a
9 Certified Public Accountant (CPA) licensed in the State of California since 2003. I have been
10 employed with SDG&E since 2006. In addition to my current position in Regulatory Reporting
11 & Accounts, I have held various other positions increasing in responsibility since September
12 2006. I served as the Billable Project Supervisor in Plant Accounting (January 2013 – August
13 2014), Bank Reconciliation Supervisor (July 2011 – December 2012), and Financial Accounting
14 Senior and Principal Accountant (September 2006 - June 2011).

15 I have previously testified before this Commission.

APPENDIX A – Glossary of Terms

APPENDIX A – Glossary of Terms

ACRONYM	DEFINITION
ACCUMA	Avoided Cost Calculator Update Memorandum Account
AL	Advice Letter
ASLIMA	Adaptive Streetlight Implementation Memorandum Account
ASLMMA	Adaptive Streetlight Maintenance Memorandum Account
CAVAMA	Climate Adaptation Vulnerability Assessment Memorandum Account
CCPAMA	California Consumer Privacy Act Memorandum Account
CFCA	Core Fixed Cost Account
CGIMA	Customer Growth Incremental Memorandum Account
CPUC	California Public Utilities Commission
DDCBA	Distribution Deferral Contract Cost Balancing Account
DDIBA	Distribution Deferral Incentive Balancing Account
DDOR	Distribution Deferral Opportunity Report
DIMPBA	Distribution Integrity Management Program Balancing Account
DIMPMA	Distribution Integrity Management Program Memorandum Account
ECPMA	Emergency Customer Protections Memorandum Account
EV	Electric Vehicle
EVIMA	Electric Vehicle Infrastructure Memorandum Account
FERC	Federal Energy Regulatory Commission
GRC	General Rate Case
GSEPMA	Gas Safety Enhancement Plan Memorandum Account
GNA	Grid Needs Assessments
HDERMA	High DER Memorandum Account
ICA	Integration Capacity Analysis
ICEMA	Interruption Cost Estimate 3.0 Calculator Memorandum Account
IGFCMA	Income Graduated Fixed Charge Memorandum Account
IPACMA	Incentive Pilot Admin Costs Memorandum Account
LDAR	Leak Detection and Repair
LDBA	Light-Duty Electric Vehicle Balancing Account
LIPBA	Liability Insurance Premiums Balancing Account
LNBA	Locational Net Benefit Analysis
MMBA	Master Meter Memorandum Account
NBTMA	Net Billing Tariff Memorandum Account
NEEMA	New Electric Energization Memorandum Account

NERBA	New Environmental Regulation Balancing Account
NEMAMA	Net Energy Metering Aggregation Memorandum Account
NFCA	Noncore Fixed Cost Account
NGLAP	Natural Gas Leak Abatement Program
NTPBA	Near-Term Priority Transportation Electrification Balancing Account
OCMA	Officer Compensation Memorandum Account
OPBA	Overhead Pools Balancing Account
PBA	Pension Balancing Account
PBOPBA	Post Retirement Benefits Other Than Pensions Balancing Account
PFM	Petition for Modification
PG&E	Pacific Gas and Electric
PIPPMA	Percentage of Income Payment Plan Memorandum Account
PSEP	Pipeline Safety Enhancement Program
RDPMA	Residential Disconnections Protections Memorandum Account
RTPMA	Real Time Pricing Memorandum Account
SB	Senate Bill
SCE	Southern California Edison
SDG&E	San Diego Gas & Electric
SECCBA	Safety Enhancement Capital Cost Balancing Account
SEEBA	Safety Enhancement Expense Balancing Account
SONGSBA	SONGS O&M Balancing Account
SPMA	Submetering Protocol Memorandum Account
TE	Transportation Electrification
TIMPBA	Transmission Integrity Management Program Balancing Account
TIMPMA	Transmission Integrity Management Program Memorandum Account
TMA	Tax Memorandum Account
TRRRMA	Transmission Revenue Requirement Reclassification Memorandum Account
VMBA	Vegetation Management Balancing Account
VMMA	Vegetation Memorandum Account
V2GBA	Vehicle to Grid Balancing Account
WMPMA	Wildfire Mitigation Plan Memorandum Account

SDG&E 2028 GRC Testimony Revision Log – September 2026

Page	Line or Table	Revision Detail
iv. (redline version only)	Summary	Remove SEEBA from Amortize & Close category and NEEMA from Amortize & Continue category
v.	Summary	Add SEEBA and NEEMA to Close category
2	24	Revise Amortize & Close account count
3	ED-1	Revise table to remove SEEBA
3	FN 2	Revise “SoCalGas” to SDG&E
7 (redline version only)	1-23	Remove SEEBA language
6	20	Revise Amortize & Continue account count
13 (redline version only)	12-27	Remove NEEMA language
14	10	Revise reg account Closure count
15-16	Various	Add SEEBA and NEEMA language to Closure of Regulatory Accounts section