

Company: San Diego Gas & Electric Company (U 902 M)
Proceeding: 2028 General Rate Case
Application: A.26-06-015
Exhibit: SDGE-28.1

REVISED PREPARED DIRECT TESTIMONY OF STEVEN P. DAIS

(RATE BASE)

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



September 2026

TABLE OF CONTENTS

I.	INTRODUCTION	1
A.	Summary of Proposals	1
B.	Organization of Testimony.....	1
C.	Support To/From Other Witnesses	2
II.	METHODOLOGY	2
III.	ACCOUNTING CHANGES	4
A.	Implementation of FERC Order No. 898.....	4
1.	Capitalization Threshold for Gas Distribution Pipe.....	4
IV.	COMPONENTS OF RATE BASE	5
A.	Fixed Capital	5
1.	Plant-In-Service	5
2.	Gas Plant	5
B.	Working Capital	6
1.	Fuel in Storage	6
2.	Materials & Supplies.....	6
3.	Working Cash.....	6
C.	Other Deductions	6
1.	Repairs Deduction Rate Base Adjustment (2016-2042)	6
2.	Customer Advances for Construction	7
D.	Deductions for Reserves	7
1.	Accumulated Depreciation Reserve.....	7
2.	Accumulated Amortization Reserve	7
3.	Accumulated Deferred Taxes.....	8
4.	Accumulated Deferred Taxes – 2017 Tax Cuts & Job Acts (TCJA) Adjustment.....	8
V.	ELECTRIC RATE BASE SUMMARY	8
A.	FIXED CAPITAL – ELECTRIC	9
1.	Plant-In-Service - Electric.....	9
B.	WORKING CAPITAL - ELECTRIC	12
1.	Materials and Supplies – Electric	12
2.	Working Cash – Electric	12
C.	OTHER DEDUCTIONS - ELECTRIC	12
1.	Repairs Deduction Rate Base Adjustment (2016-2042)	12
2.	Customer Advances for Construction – Electric.....	13
D.	DEDUCTIONS FOR RESERVES - ELECTRIC	13
1.	Accumulated Depreciation Reserve – Electric	13
2.	Accumulated Amortization Reserve – Electric.....	13
3.	Accumulated Deferred Taxes – Electric	13

	4.	Accumulated Deferred Taxes – 2017 Tax Cuts & Job Acts Adj (TCJA) - Electric.....	13
VI.		GAS RATE BASE SUMMARY.....	13
	A.	FIXED CAPITAL – GAS	14
	1.	Gas Plant-In-Service	14
	B.	WORKING CAPITAL - GAS	15
	1.	Fuel in Storage	15
	2.	Materials and Supplies – Gas.....	15
	3.	Working Cash - Gas	15
	C.	Other Deductions - Gas.....	15
	1.	Customer Advances for Construction – Gas	15
	D.	Deductions for Reserves - Gas.....	16
	1.	Accumulated Depreciation Reserve – Gas	16
	2.	Accumulated Amortization Reserve - Gas.....	16
	3.	Accumulated Deferred Taxes - Gas	16
	4.	Accumulated Deferred Taxes – 2017 Tax Cuts & Job Acts Adj (TCJA) - Gas.....	16
VII.		SHARED ASSET RATE BASE	17
VIII.		WORKING CASH.....	17
	A.	PURPOSE AND DETERMINATION OF WORKING CASH UNDER SP U-16-W	17
	B.	SDG&E’S WORKING CASH DETERMINATION.....	18
	1.	Working Cash Requirement for Balancing Sheet Accounts	18
	2.	Working Cash Requirement for Income Statement Accounts	19
	3.	Derivation of the Total Working Cash Requirement.....	21
	C.	SUMMARY REPORTS.....	21
	D.	WORKING CASH DETAILS	27
	1.	Balance Sheet Accounts.....	27
	2.	Operational Cash Requirements	28
	a.	Cash Balance.....	28
	b.	Other Receivables	28
	c.	Prepayments.....	28
	d.	Deferred Debits.....	28
	3.	Working Capital Not Supplied by Investors	28
	a.	Employee Withholdings.....	29
	b.	Current and Accrued Liabilities	29
	E.	Income Statement Accounts (Lead/Lag Working Cash Requirements).....	30
	1.	Revenue Lag	30
	2.	Expense Lag.....	31
	a.	Purchased Commodities, Electric Generation	31
	b.	Purchased Commodities, Core Gas.....	31
	c.	Purchased Commodities, Generation Fuel.....	31

d.	Payroll Expense	32
e.	Federal Insurance Contributions Act Tax (FICA).....	32
f.	Federal Unemployment Tax Act (FUTA) and State Unemployment Insurance (SUI)	32
g.	Variable Pay / Incentive Compensation Plan (ICP)	32
h.	Employee Benefits	33
i.	Goods and Services	33
j.	Payments by Corporate Center	33
k.	Real Estate Lease Payments.....	33
l.	Materials Issued from Stores	33
m.	Property/Ad Valorem/Pass-through Taxes	33
n.	Federal Income Taxes, Current	34
o.	California Corporate Franchise Taxes, Current	34
p.	Federal/State Income Taxes, Deferred	34
q.	Depreciation	34
r.	Amortization of Insurance Premiums	35
3.	TY 2028 Expense Components.....	36
a.	TY Forecasted Commodity Costs	36
b.	Other TY Non-Commodity Costs	36
IX.	CONCLUSION.....	36
X.	WITNESS QUALIFICATIONS	37

APPENDICES

Appendix A – Glossary of Terms	A-1
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SUMMARY

- My testimony presents San Diego Gas & Electric Company's (SDG&E) weighted average rate base for recorded year 2025, estimated years 2026 and 2027, and Test Year (TY) 2028.
- My testimony describes the development of SDG&E's rate base and its components including the various methodologies used to derive the TY 2028 rate base of \$10.0 billion for Electric and \$3.4 billion for Gas.
- In addition, my testimony also describes the methodology used by SDG&E to prepare its working cash request in compliance with California Public Utilities Commission (CPUC or Commission) Standard Practice (SP) U-16-W.

**REVISED PREPARED DIRECT TESTIMONY OF STEVEN P. DAIS
(RATE BASE)**

I. INTRODUCTION

A. Summary of Proposals

My testimony presents San Diego Gas & Electric Company's (SDG&E) weighted average rate base for Electric and Gas operations, including its working cash requirement, for recorded year 2025, estimated years 2026 and 2027, and Test Year (TY) 2028. My testimony also describes the development of rate base and its components including the various methodologies used to derive the TY 2028 rate base of \$10.0 billion for Electric and \$3.4 billion for Gas.

Table SDGE-SPD-1 below presents SDG&E's total weighted average rate base request for combined Electric and Gas operations for TY 2028.

San Diego Gas and Electric Company
WEIGHTED AVERAGE DEPRECIATED RATE BASE
Summary Total CPUC
(Thousands of Dollars)

Line No.	Account Description	Recorded Year 2025	Estimated Year 2026	Estimated Year 2027	Test Year 2028
Fixed Capital					
1	Plant In Service	20,225,373	21,208,384	22,444,536	23,875,173
2	Total Fixed Capital	20,225,373	21,208,384	22,444,536	23,875,173
Working Capital					
3	Fuel in Storage	453	453	453	453
4	Materials & Supplies	239,964	248,396	254,975	259,779
5	Working Cash*	232,236	239,203	246,379	242,389
6	Total Working Capital	472,654	488,052	501,807	502,621
7	Repair Deductions Rate Base Adjustment (2016 - 2042)	(27,778)	(26,144)	(24,510)	(22,876)
8	Customer Advances For Construction	(20,815)	(20,856)	(20,275)	(19,694)
9	Total Other	(48,593)	(47,000)	(44,785)	(42,570)
Deductions For Reserves					
10	Accumulated Deferred Taxes - 2017 Tax Cuts & Jobs Act Adj	278,558	270,363	261,412	251,705
11	Accumulated Depreciation Reserve	7,219,574	7,596,555	8,120,574	8,664,454
12	Accumulated Amortization Reserve	752,560	854,945	1,048,741	1,260,403
13	Accumulated Deferred Taxes	800,997	796,261	777,417	794,783
14	Total Deductions For Reserves	9,051,690	9,518,124	10,208,143	10,971,345
15	Weighted Average Depreciated Rate Base	11,597,744	12,131,311	12,693,415	13,363,878

* 2025 to 2027 Working Cash based on TY 2024 GRC Decision (D.24-12-074)

B. Organization of Testimony

My testimony is organized as follows:

- Section II – defines rate base and describes the methodology SDG&E used to prepare its TY 2028 rate base forecast.
- Section III – describes proposed accounting changes impacting this rate base forecast.

- Section IV – describes the components included in rate base.
- Sections V to VII – present the rate base calculations for Electric, Gas, and Shared Assets.
- Section VIII – presents the working cash calculations
- Section IX and X – offers concluding remarks and my witness qualifications.

C. Support To/From Other Witnesses

My testimony also references the testimony and workpapers of several other witnesses, either in support of their testimony or as support for mine. As described in Section II, Methodologies, the following testimonies provide support for the plant additions included in SDG&E's rate base forecast: Electric Distribution Capital (Exhibit (Ex.) SDGE-08); Gas Distribution (Ex. SDGE-04); Gas Engineering & System Integrity (Ex. SDGE-03); Gas Transmission (Ex. SDGE-05); Gas Major Projects (Ex. SDGE-06); Information Technology (Ex. SCG-10/SDGE-14); Cybersecurity (Ex. SCG-11/SDGE-15); Operations Support (Ex. SDGE-16); Electric Generation (Ex. SDGE-10) and Wildfire Mitigation and Vegetation Management (Ex. SDGE-07). The Shared Services testimony (Exhibit SCG-22/SDGE-27) was also referenced in determining allocations of common plant as described in Section IV.A.1 Plant In Service.

II. METHODOLOGY

Rate base is defined as the net investment of property, plant, equipment, and other assets that SDG&E has acquired or constructed to provide utility services to its customers. The weighted average rate base is calculated using a 13-month average (the sum of the monthly balances from December of the prior year through December of the current year, less one-half of each December balance, divided by 12). The weighted average balance method has been an accepted industry practice for all California utilities and is a California Public Utilities Commission (Commission or CPUC) approved methodology as adopted in prior rate-setting proceedings.¹

The major components of rate base include Fixed Capital, Working Capital, Deductions for Reserves, and Other Deductions. This section provides an overview of the methodology used to forecast plant-in-service, which is included in Fixed Capital and is the largest component of weighted average rate base. As with other rate base components, plant-in-service is computed based on original cost and is shown on a weighted average basis.

¹ See Decision (D.)24-12-074.

1 The plant-in-service projection includes forecasted non-routine and routine capital projects.
2 The methodologies used to forecast plant-in-service differ somewhat between non-routine and
3 routine projects as described below.

- 4 • Plant balances are developed using estimated in-service dates for non-routine
5 projects;
- 6 • Plant additions on routine projects are based on historical experience from 2021 to
7 2025; and
- 8 • Projected plant retirements are based on historical experience from 2021 to 2025.

9 Capital witnesses provide a forecast of in-service dates for non-routine projects based on
10 the witnesses' knowledge and experience. The application of historical experience to forecast
11 plant additions for routine projects is reasonable due to the nature of the projects and is consistent
12 with past Commission rate-setting applications including SDG&E's 2024 rate case proceeding.²
13 Plant-in-service balances are then developed for Electric Plant, and for Gas Plant based on the
14 projected capital expenditures, retirements, and estimated project completion dates for non-routine
15 and routine projects.

16 As shown in the Fixed Capital section of Table SDGE-SPD-1 above, SDG&E's TY 2028
17 plant-in-service is projected to increase, reflecting higher capital expenditures in 2028 as
18 compared to previous years. The major drivers for the increase in capital expenditure levels are
19 described in detail in the testimonies of SDG&E's respective capital witnesses as noted in Section
20 I.C. above.

21 A component of plant-in-service is allowance for funds used during construction
22 (AFUDC). Accruing for AFUDC is a generally accepted regulatory accounting procedure to
23 capitalize the cost of debt and equity funds used to finance capital additions. SDG&E utilizes the
24 AFUDC formula mandated by the Federal Energy Regulatory Commission's (FERC) Uniform
25 System of Accounts (USofA), which the CPUC has authorized SDG&E to follow.

26 Consistent with prior SDG&E rate case proceedings before this Commission, including in
27 D.24-12-074, SDG&E typically uses its authorized Rate of Return (ROR),³ established in
28 SDG&E's cost of capital proceeding, as a reasonable proxy for estimating AFUDC applied to

² *Id.*

³ SDG&E's current authorized ROR is 7.41%, per D.25-12-043 at 72.

1 construction work in progress (CWIP) in the Results of Operations (RO) model. SDG&E has long
2 used its authorized ROR for forecasting purposes, which reasonably approximates its actual
3 AFUDC rates. Other than the authorized ROR, there is no separate forecast of debt and equity in
4 developing AFUDC rates for the GRC period.

5 An offsetting component to capital expenditures prior to being recorded to plant-in-service
6 is contributions in aid of construction (CIAC). CIAC are non-refundable contributions collected
7 from utility customers in the form of money – or its equivalent – toward the construction of plant,
8 such as customer-requested relocations. CIAC amounts collected or received are a direct
9 reduction of fully-loaded (*i.e.*, including overhead costs) capital expenditures (if any) prior to
10 being added to rate base.

11 **III. ACCOUNTING CHANGES**

12 **A. Implementation of FERC Order No. 898**

13 FERC Order No. 898 added new functions and new functional sub-accounts to the
14 Uniform System of Accounts. The reclassification of plant assets into the functional sub-accounts
15 resulted in some assets being transferred from General plant accounts, which are allocated
16 between distribution and transmission functions, to specific distribution or transmission plant
17 accounts. These transfers resulted in a net reduction to SDG&E's CPUC jurisdictional plant in
18 service balance of \$122MM. *See my workpapers for additional information on the*
19 *reclassifications.*

20 **1. Capitalization Threshold for Gas Distribution Pipe**

21 SDG&E is proposing a change to the capitalization threshold for gas distribution pipe
22 replacement from forty feet to one foot. This will align SDG&E's distribution pipe replacement
23 with SDG&E's threshold for gas transmission pipe replacement of one foot. SDG&E's existing
24 capitalization threshold is also inconsistent with other utilities per a 2021 Capitalization Survey
25 conducted by the American Gas Association. Accordingly, SDG&E will revise the retirement unit
26 for replaced gas distribution pipe to one foot with the 2028 GRC. Refer to the Gas Distribution
27 testimony (Ex. SDGE-04) for additional information on this change.

IV. COMPONENTS OF RATE BASE

A. Fixed Capital

1. Plant-In-Service

Plant-in-service represents gross fixed assets used in utility operations with an expected economic and physical life greater than one year from the date placed in service.

Electric Plant

Electric plant-in-service is comprised of Electric Distribution Plant, Reclassified Transmission Plant to Electric Distribution, Allocated Common Plant to Electric Distribution, Allocated Electric General Plant to Electric Distribution, and Non-Nuclear Generation.

Electric plant-in-service was developed in accordance with the definitions prescribed in SDG&E's FERC Transmission Owner Tariff filing, which reflects the FERC approved methodology by which SDG&E unbundled its electric department. In order to fully assign SDG&E's plant to the appropriate departmental functions, reclassification of specific plant was made across traditional FERC functional categories. For example, SDG&E redefined certain "transmission" plant as distribution and some "distribution" plant as transmission in accordance with the FERC Transmission Access filing, and consistent with Commission filings since SDG&E's 1998 Cost of Service Application (A.) 98-01-014.

Gas Plant

Gas plant-in-service is comprised of Gas Distribution Plant and Allocated Common Plant to Distribution.

Allocation of Common Plant and General Plant

In this filing, SDG&E proposes using FERC's labor ratio allocation method to allocate Common Plant between Electric Transmission, Electric Distribution, and Gas, as well as allocate Electric General Plant assets between Electric Transmission and Electric Distribution, as sponsored in the Shared Services testimony (Ex. SCG-22/SDGE-27). Allocating Common Plant using this methodology has been adopted by the Commission in prior rate cases including D.24-12-074.

B. Working Capital

1. Fuel in Storage

Gas fuel in storage consists of gas line pack. Line pack values are computed annually based on line pack volumes in therms, valued at the current weighted average cost of gas (WACOG).

2. Materials & Supplies

Materials and supplies (M&S) represents the cost of purchased materials primarily used as current inventory for construction, operation, maintenance, and contract work. Although SDG&E does not anticipate significant changes from its current inventory levels for operational needs, the future costs of M&S are assumed to increase at the projected rate of capital inflation.

Electric M&S includes items that are directly assignable to Electric Generation, Nuclear, and Electric Distribution, as well as an allocated portion of Common consistent with the labor ratio allocation methodology referred to in Section IV.A, Fixed Asset – Plant In Service, above.

Gas M&S includes items that are directly assignable to Gas, as well as an allocated portion of Common consistent with the labor ratio allocation methodology referred to in Section IV.A above.

3. Working Cash

Working cash represents the funds supplied for the purpose of meeting day-to-day utility operational expenses in advance of receipt of offsetting revenues from the utility's customers. As described in more detail in Section VIII, Working Cash, the working cash forecast includes a review of balance sheet accounts that either require or provide working cash as well as a lead-lag study which quantifies the timing difference between the receipt of revenues and the payment of expenses. The resulting working cash requirement is then allocated between electric distribution, gas service, and generation based on the allocation percentages described in the Shared Services testimony (Ex. SCG-22/SDGE-27).

C. Other Deductions

1. Repairs Deduction Rate Base Adjustment (2016-2042)

The repairs deduction rate base adjustment represents the reduction to rate base as ordered in D.16-06-054, which was re-calculated in SDG&E's 2019 GRC proceeding to reflect the impact of the Tax Cuts & Job Acts (TCJA) Adjustment (*i.e.*, the reduction of federal corporate income tax

1 rate from 35% to 21%, effective January 1, 2018). The repairs deduction rate base adjustment is
2 discussed in the Tax testimony (Ex. SCG-25/SDGE-30).

3 **2. Customer Advances for Construction**

4 Customer advances for construction (CAC) represents refundable cash advances for
5 construction paid by third parties and/or customers who have requested the installation of new
6 business mains and services. These cash advances are subject to refund when new customers and
7 appliances are added to these lines as mandated by the Commission and described in SDG&E
8 Tariff Rules 15 and 16.

9 The forecast data for the electric and gas forecasts begin with recorded December 2025
10 month-end balances, and then incorporate estimated future cash advances received, which are
11 recorded as increases, and future cash refunds paid and/or forfeitures of advances, which are
12 recorded as decreases. These forecasts incorporate the impact of D.22-09-026 Building
13 Decarbonization which requires that receipts previously classified as refundable CAC deposits for
14 gas and mixed fuel projects be classified as nonrefundable Contributions in Aid of Construction
15 (CIAC). This decision became effective July 1, 2023.

16 **D. Deductions for Reserves**

17 **1. Accumulated Depreciation Reserve**

18 Accumulated depreciation reserve represents a weighted average accumulated book
19 depreciation reserve, which includes a summation of depreciation accrual charges, plant
20 retirements, net salvage, and other adjustments or transfers as prescribed by FERC's USofA. The
21 amounts for both electric and gas are based on the recorded depreciation reserve as of December
22 31, 2025, and forecasted net activity (depreciation, retirements, and net salvage) for years 2026
23 through 2028. SDG&E's depreciation recommendations are sponsored in Exhibit SDGE-29.

24 **2. Accumulated Amortization Reserve**

25 Accumulated amortization reserve represents weighted average accumulated of the
26 provision and salvage costs less retirement and removal costs for land rights, software, and
27 limited-term investments. The amounts for both electric and gas are based on the recorded
28 amortization reserve as of December 31, 2025, and forecasted net activity (amortization,
29 retirements and net salvage) for years 2026 through 2028. SDG&E's amortization
30 recommendations are sponsored in the Depreciation testimony (Ex. SDGE-29).

1 **3. Accumulated Deferred Taxes**

2 Accumulated deferred taxes arises from the tax normalization requirements pursuant to the
3 Economic Tax Recovery Act of 1981 (ERTA). These requirements provide that the federal tax
4 basis of 1981 and future years' plant additions be depreciated for ratemaking tax purposes using
5 book lives on a straight-line remaining life basis. The tax effect of the difference between this
6 normalized depreciation method and the accelerated depreciation methods allowed for federal tax
7 return purposes is treated as a reduction to rate base, thereby, reflecting this tax treatment as a
8 benefit for the ratepayer.

9 SDG&E has computed deferred tax balances in accordance with the normalization
10 requirements of Internal Revenue Code. The deferred tax balance that reduces rate base is the
11 weighted average at the beginning of the period and end of period (derived using a pro rata portion
12 of the projected increase during the period). The derivation of the deferred tax balance is sponsored
13 in the Tax testimony (Ex. SCG-25/SDGE-30).

14 **4. Accumulated Deferred Taxes – 2017 Tax Cuts & Job Acts (TCJA)**
15 **Adjustment**

16 TCJA was enacted on December 22, 2017 (Pub. L. No. 115-97). The TCJA made
17 comprehensive changes to federal tax law. The changes affecting SDG&E include: (1) a reduction
18 of the federal corporate tax rate from 35% to 21%, effective beginning in 2018; (2) the elimination
19 of the bonus depreciation deduction for regulated utilities; and (3) a requirement to return plant-
20 related excess deferred taxes created by the reduction in the corporate tax rate to ratepayers ratably
21 using the Adjusted Rate Assumption Method (ARAM) as described in the TCJA. Refer to the Tax
22 testimony (Ex. SCG-25/SDGE-30) for more discussions regarding TJCA and the determination of
23 the deferred tax balance.

24 **V. ELECTRIC RATE BASE SUMMARY**

25 Table SDGE-SPD-2 below presents SDG&E's total Electric weighted average rate base.
26

San Diego Gas and Electric Company
WEIGHTED AVERAGE DEPRECIATED RATE BASE
Electric
(Thousands of Dollars)

Line No.	Account Description	Recorded Year 2025	Estimated Year 2026	Estimated Year 2027	Test Year 2028
Fixed Capital					
1	Plant In Service	15,039,102	15,782,243	16,753,966	17,834,721
2	Total Fixed Capital	15,039,102	15,782,243	16,753,966	17,834,721
Working Capital					
3	Materials & Supplies	216,785	225,152	231,813	236,458
4	Working Cash*	201,968	208,027	214,268	196,226
5	Total Working Capital	418,753	433,179	446,081	432,684
7	Repair Deductions Rate Base Adjustment (2016 - 2042)	(27,778)	(26,144)	(24,510)	(22,876)
8	Customer Advances For Construction	(18,526)	(19,030)	(18,581)	(18,131)
9	Total Other	(46,304)	(45,175)	(43,091)	(41,007)
Deductions For Reserves					
10	Accumulated Deferred Taxes - 2017 Tax Cuts & Jobs Act Adj	214,554	207,667	200,163	192,042
11	Accumulated Depreciation Reserve	5,619,767	5,874,129	6,280,039	6,697,504
12	Accumulated Amortization Reserve	544,327	615,766	757,360	913,758
13	Accumulated Deferred Taxes	441,536	442,342	429,369	417,629
14	Total Deductions For Reserves	6,820,185	7,139,904	7,666,932	8,220,933
15	Weighted Average Depreciated Rate Base	8,591,366	9,030,344	9,490,024	10,005,465

* 2025 to 2027 Working Cash based on TY 2024 GRC Decision (D.24-12-074)

A. Fixed Capital – Electric

1. Plant-In-Service - Electric

As shown in Table SDGE-SPD-2, the recorded year 2025 weighted average plant-in-service for Electric Distribution and Generation is \$15.0 billion. This amount includes \$12.0 billion in Electric Distribution Plant (including redefined amounts as described above), \$1.2 billion in Generation, \$0.3 billion in Electric General Plant allocated to Electric Distribution, and \$1.5 billion in Common Plant allocated to Electric Distribution, as shown in my work papers. The recorded year 2025 weighted average plant-in-service for Nuclear is zero.

The TY 2028 weighted average plant balance for Electric includes Electric Distribution, Electric General, and Common allocated to Electric and Generation and is based upon recorded plant data for 2025 and forecasted additions and retirements for 2026, 2027, and 2028. The weighted average plant balance for TY 2028 for Electric Distribution and Generation is \$17.8 billion. This includes \$14.4 billion in Electric Distribution Plant (including reallocations resulting from the implementation of FERC Order No. 898), \$1.2 billion in Generation, \$0.4 billion in Electric General Plant applicable to Electric Distribution, and \$1.8 billion in Common Plant applicable to Electric Distribution, as shown in my work papers.

Forecasted Electric Distribution, Generation, and General direct capital expenditures, including an allocation of Common Plant, totaled \$2.9 billion for years 2026 to 2028. As

1 mentioned in Section I,C, Introduction – Support To/From Other Witnesses, above, individual
2 witnesses provide testimony regarding capital expenditures related to their organizations, as well
3 as supporting documentation in their respective work papers. Capital expenditures are escalated
4 and fully loaded with overheads by project by capital witness in the Results of Operations (RO)
5 Model. The escalation factors applied are sponsored in the Escalation & Gas Customer Forecast
6 testimony (Ex. SCG-20/SDGE-24).

7 The capital overhead pool amounts for local engineering, department overheads, and
8 contract administration are sponsored in the Electric Distribution Capital testimony (Ex. SDGE-
9 08). For all remaining overheads assigned to capital such as pension and benefits, workers
10 compensation, and administrative and general, the costs are sponsored by various witnesses and
11 forecasted in cost centers as directed in SDG&E's GRC Decision.⁴ The cost center expenses have
12 been mapped to FERC accounts as explained in the Summary of Earnings testimony (Exhibit
13 SDGE-32), while the factors that are used to produce operations and maintenance (O&M) to
14 capital reassignment rates are sponsored in the Shared Services testimony (Ex. SCG-22/SDGE-
15 27).

16 In its 2019 GRC Decision,⁵ SDG&E was directed to track costs charged to four of the
17 electric overhead pools in the Overhead Pool Balancing Account (OPBA). This treatment
18 continued in SDG&E's 2024 GRC Decision.⁶ As further described in the Regulatory Accounts
19 testimony (Ex. SDGE-26), the OPBA was established as a one-way non-interest bearing tracking
20 account that is not recorded on SDG&E's financial statements. Because the OPBA is not recorded
21 on SDG&E's financial statements, it does not impact financial accounting. This means that costs
22 charged to these four overhead pools follow SDG&E's traditional overhead accounting practice
23 and are allocated to capital projects.

24 As explained in the Electric Distribution Capital testimony (Ex. SDGE-08), the OPBA's
25 stated purpose was "to ensure that funds associated with engineering, reliability analysis,
26 preliminary design work, etc. relating to specific capital projects that are cancelled or postponed
27 are not reassigned to other areas."⁷ SDG&E's practice has historically and continues to be that

⁴ D.08-07-046, Ordering Paragraph (OP) 22 at 106.

⁵ D.19-09-051, OP 17.

⁶ D.24-12-074 at 859.

⁷ D.19-09-051 at 287.

overheads follow the projects to which they are associated. Accordingly, overheads associated with completed projects are recorded to plant and overheads associated with cancelled projects are written-off. Similarly, overheads associated with postponed projects remain on those projects and are either capitalized with the project if completed or written-off if the project is later cancelled. Overhead costs are not returned to pools and reassigned. For example, during 2025 SDG&E wrote-off \$2.5 million of cancelled project costs which included \$0.7 million of overheads.

In accordance with the OPBA preliminary statement, to the extent there is an overcollection in the OPBA, SDG&E will refund those amounts to customers. However, through 2025 the four overhead pools tracked in the OPBA have incurred costs in excess of their authorized funding in the 2024 GRC cycle, resulting in an undercollection for which the Commission has not yet explicitly established a recovery mechanism.⁸ These overheads were prudently incurred in support of SDG&E's capital projects.

SDG&E is not seeking incremental recovery of the undercollected balance in the OPBA, but rather is requesting that previously capitalized overhead costs be included in the plant balance in its 2028 rate base forecast. This is consistent with the treatment of Electric Distribution capital costs. The Electric Distribution pools support costs should not be subject to different treatment from other capital cost components included in SDG&E's capital forecast. These costs do not differ in nature, purpose, or function from other capitalized costs; they differ only in the allocation mechanism used to assign them to projects.

SDG&E's 2028 rate base forecast, like prior forecasts, is developed by rolling forward the 2025 balance using forecasted capital additions for 2026-2028. Those forecasted capital additions explicitly include both direct projects costs and pooled project support costs. The distinction between direct and pooled costs is not based on discretion, but on practical feasibility considerations. When feasible, SDG&E directly charges costs to the specific projects benefitted. When it is not feasible or cost-effective to do so, SDG&E appropriately pools and allocates those costs using commission-approved allocation methodologies. For example, the labor expenses of engineering teams that support multiple concurrent projects, as well as shared tools such as design software subscriptions, cannot be reasonably traced to a single project. Attempting to do so would introduce arbitrary allocations, increase administrative burden, and ultimately increase costs to

⁸ SDG&E OPBA Preliminary Statement, Section 4. Disposition:
<https://tariffsprd.sdge.com/view/tariff/?utilId=SDGE&bookId=ELEC&tarfKey=995>.

1 ratepayers. Pooling these support costs is therefore both operationally efficient and consistent
2 with sound utility accounting principles. In all other material respects, pooled project support
3 costs are indistinguishable from direct project costs: both are incurred to support the construction
4 of electric distribution assets that are placed in service and used to provide safe and reliable utility
5 service.

6 Based on the foregoing, SDG&E requests that all prudent capital expenditures be included
7 in electric plant-in-service and rate base, whether costs were directly charged to Electric
8 Distribution projects or indirectly charged through Commission-approved cost pooling
9 mechanisms. Excluding otherwise prudent capital costs merely because they are captured as
10 pooled project support costs would understate plant in service and rate base, distort comparisons to
11 authorized forecasts, and fail to reflect the actual costs incurred to construct and support
12 Commission-approved infrastructure.

13 **B. Working Capital - Electric**

14 **1. Materials and Supplies – Electric**

15 As shown in Table SDGE-SPD-2, the recorded year 2025 weighted average materials and
16 supplies for Electric Distribution and Generation was \$216.8 million. Applying the capital
17 inflation rate sponsored in the testimony of the Escalation & Gas Customer Forecast testimony
18 (Ex. SCG-20/SDGE-24) to the 2025 balance results in weighted averages for estimated years 2026
19 (\$225.2 million), 2027 (\$231.8 million), and TY 2028 (\$236.5 million). *See* my supporting work
20 papers for the detailed computation.

21 **2. Working Cash – Electric**

22 As is shown in Table SDGE-SPD-2, the proposed 2028 working cash request for Electric is
23 \$206.5 million. *See* Section VIII, Working Cash, for additional information regarding the working
24 cash request.

25 **C. Other Deductions - Electric**

26 **1. Repairs Deduction Rate Base Adjustment (2016-2042)**

27 As is shown in Table SDGE-SPD-2, the calculated repairs deduction rate base adjustment
28 for Electric is \$27.8 million for 2025, \$26.1 million for 2026, \$24.5 million for 2027, and \$22.9
29 million for TY 2028. The repairs deduction rate base adjustment is discussed in the Tax testimony
30 (Ex. SCG-25/SDGE-30).

1 **2. Customer Advances for Construction – Electric**

2 As shown in Table SDGE-SPD-2, the recorded year 2025 CAC weighted average balance
3 for electric is \$18.5 million. SDG&E anticipates a decrease of \$0.4 million in the average balance
4 of electric CAC deposits for TY 2028 as compared to recorded year 2025. *See my supporting*
5 *work papers for the detailed computation.*

6 **D. Deductions For Reserves - Electric**

7 **1. Accumulated Depreciation Reserve – Electric**

8 As shown in Table SDGE-SPD-2, the recorded depreciation reserve for Electric as of
9 December 31, 2025, is \$5.6 billion and forecasted net activity (depreciation, retirements, and net
10 salvage) is \$1.1 billion for years 2026 through 2028. SDG&E's depreciation recommendations are
11 sponsored in the Depreciation testimony (Ex. SDGE-29).

12 **2. Accumulated Amortization Reserve – Electric**

13 As shown in Table SDGE-SPD-2, the recorded amortization reserve for Electric as of
14 December 31, 2025, is \$544.3 million and forecasted net activity (depreciation, retirements, and
15 net salvage) is \$369.4million for years 2026 through 2028. SDG&E's depreciation
16 recommendations are sponsored in the Depreciation testimony (Ex. SDGE-29).

17 **3. Accumulated Deferred Taxes – Electric**

18 As is shown in Table SDGE-SPD-2, the forecasted weighted average accumulated deferred
19 taxes for Electric is \$441.5 million for 2025, \$442.3 million for 2026, \$429.4 million for 2027,
20 and \$417.9 million for TY 2028. The derivation of the deferred tax balance is sponsored in the
21 Tax testimony (Ex. SCG-25/SDGE-30).

22 **4. Accumulated Deferred Taxes – 2017 Tax Cuts & Job Acts Adj (TCJA) -**
23 **Electric**

24 As is shown in Table SDGE-SPD-2, the forecasted weighted average accumulated deferred
25 taxes – 2017 TCJA for Electric is \$214.6 million for 2025, \$207.7 million for 2026, \$200.2 million
26 for 2027, and \$192.0 million for TY 2028. The derivation of the deferred tax balance – 2017
27 TCJA is sponsored in the Tax testimony (Ex. SCG-25/SDGE-30).

28 **VI. GAS RATE BASE SUMMARY**

29 Table SDGE-SPD-3 below presents SDG&E's total Gas weighted average rate base
30

San Diego Gas and Electric Company
WEIGHTED AVERAGE DEPRECIATED RATE BASE
Gas
(Thousands of Dollars)

Line No.	Account Description	Recorded Year 2025	Estimated Year 2026	Estimated Year 2027	Test Year 2028
Fixed Capital					
1	Plant In Service	5,186,271	5,426,141	5,690,570	6,040,451
2	Total Fixed Capital	5,186,271	5,426,141	5,690,570	6,040,451
Working Capital					
3	Fuel in Storage	453	453	453	453
4	Materials & Supplies	23,180	23,244	23,162	23,321
5	Working Cash*	30,267	31,176	32,111	46,164
6	Total Working Capital	53,901	54,873	55,726	69,938
7	Repair Deductions Rate Base Adjustment (2016 - 2042)	-	-	-	-
8	Customer Advances For Construction	(2,289)	(1,826)	(1,694)	(1,563)
9	Total Other	(2,289)	(1,826)	(1,694)	(1,563)
Deductions For Reserves					
10	Accumulated Deferred Taxes - 2017 Tax Cuts & Jobs Act Adj	64,004	62,696	61,249	59,663
11	Accumulated Depreciation Reserve	1,599,807	1,722,426	1,840,535	1,966,949
11	Accumulated Amortization Reserve	208,233	239,179	291,380	346,646
12	Accumulated Deferred Taxes	359,461	353,919	348,047	377,154
13	Total Deductions For Reserves	2,231,505	2,378,220	2,541,211	2,750,412
14	Weighted Average Depreciated Rate Base	3,006,377	3,100,968	3,203,390	3,358,414

* 2025 to 2027 Working Cash based on TY 2024 GRC Decision (D.24-12-074)

A. Fixed Capital – Gas

1. Gas Plant-In-Service

As shown in Table SDGE-SPD-3 above, the recorded year 2025 weighted average plant-in-service for Gas is \$5.2 billion. This amount includes \$4.4 billion in Gas Plant and \$0.8 billion in Common Plant allocated to Gas, as shown in my work papers.

The TY 2028 weighted average plant balance for Gas is based upon recorded plant data for 2025 and forecasted additions and retirements for 2026, 2027, and 2028. The weighted average plant balance for TY 2028 for Gas is \$6.0 billion. This includes \$5.0 billion in Gas Plant and \$1.0 billion in Common Plant applicable to Gas, as shown in my work papers.

Forecasted Gas direct capital expenditures, including an allocation of Common Plant, totaled \$0.9 billion for years 2026 to 2028. As mentioned in Section I,C, Introduction – Support To/From Other Witnesses, above, specific witnesses provide testimony regarding capital expenditures related to their organizations, as well as supporting documentation in their respective work papers. Capital expenditures are escalated and fully loaded with overheads by project by capital witness in the RO Model. The escalation factors applied are sponsored in the Escalation & Gas Customer Forecast testimony (Ex. SCG-20/SDGE-24).

The capital overhead pool amounts for engineering, department overheads, and contract administration are sponsored in the Gas Distribution testimony (Ex. SDGE-04). For all remaining

overheads assigned to capital such as pension and benefits, workers compensation, and administrative and general, the costs are sponsored by various witnesses and forecasted in cost centers as directed in SDG&E's 2008 GRC Decision.⁹ The cost center expenses have been mapped to FERC accounts as explained in the Summary of Earnings testimony (Exhibit SDGE-32). And the factors that are used to produce operations and maintenance (O&M) to capital reassignment rates are sponsored in the Shared Services testimony (Ex. SCG-22/SDGE-27).

B. Working Capital - Gas

1. Fuel in Storage

As is shown in SDGE-SPD-3 the weighted average amount of line pack for 2025, which is based on the monthly recorded December 2001 through December 2025 values, is \$453 thousand. There are no forecasted changes to this value for 2026 to 2028.

2. Materials and Supplies – Gas

As shown in Table SDGE-SPD-3, the recorded year 2025 weighted average materials and supplies for Gas was \$23.2 million. Applying the capital inflation rate sponsored in the Escalation & Gas Customer Forecast testimony (Ex. SCG-20/SDGE-24) to the 2025 balance results in weighted averages for estimated years 2026 (\$23.2 million), 2027 (\$23.2 million), and TY 2028 (\$23.3 million). *See* my supporting work papers for the detailed computation.

3. Working Cash - Gas

As is shown in Table SDGE-SPD-3, the proposed 2028 working cash request for Gas is \$40.1 million. *See* section VIII below for additional information regarding the working cash request.

C. Other Deductions - Gas

1. Customer Advances for Construction – Gas

As shown in Table SDGE-SPD-3, the recorded year 2025 CAC weighted average balance for Gas is \$2.3 million. SDG&E anticipates a decrease of \$0.7 million in the average CAC balance in TY 2028 as compared to recorded year 2025, primarily due to the Building Decarbonization OIR. *See* supporting my work papers for the detailed computation.

⁹ *Id.*

D. Deductions For Reserves - Gas

1. Accumulated Depreciation Reserve – Gas

As shown in Table SDGE-SPD-3, the recorded depreciation reserve for Gas as of December 31, 2025, is \$1.6 billion and forecasted net activity (depreciation, retirements, and net salvage) is \$0.4 billion for years 2026 through 2028. SDG&E's depreciation recommendations are sponsored in the Depreciation testimony (Ex. SDGE-29).

2. Accumulated Amortization Reserve - Gas

As shown in Table SDGE-SPD3, the recorded amortization reserve for Gas as of December 31, 2025, is \$208.2 million and forecasted net activity (depreciation, retirements, and net salvage) is \$138.4 million for years 2026 through 2028. SDG&E's depreciation recommendations are sponsored in the Depreciation testimony (Ex. SDGE-29).

3. Accumulated Deferred Taxes - Gas

As is shown in Table SDGE-SPD-3, the forecasted weighted average accumulated deferred taxes for Gas is \$359.5 million for 2025, \$354.9 million for 2026, \$348.0 million for 2027, and \$377.2 million for TY 2028. The derivation of the deferred tax balance is sponsored in the Tax testimony (Ex. SCG-25/SDGE-30).

4. Accumulated Deferred Taxes – 2017 Tax Cuts & Job Acts Adj (TCJA) - Gas

As is shown in Table SDGE-SPD-3, the forecasted weighted average accumulated deferred taxes – 2017 TCJA for Gas is \$64.0 million for 2025, \$62.7 million for 2026, \$61.2 million for 2027, and \$59.7 million for TY 2028. The derivation of the deferred tax balance – 2017 TCJA is sponsored in the Tax testimony (Ex. SCG-25/SDGE-30).

VII. SHARED ASSET RATE BASE

In April 2002, as part of the Commission-approved integration of Southern California Gas Company (SoCalGas) and SDG&E (*see* D.01-09-056), certain utility capital assets were deemed to be shared by both utilities. These shared assets included structures and improvements, computer equipment, computer software, and telecommunications equipment. An inter-company billing process was developed for the associated revenue requirements to appropriately bill for these assets across the utilities.

The rate base calculation for both the shared assets that are recorded in SDG&E plant balances, and future forecasted shared assets is computed in accordance with the same Commission-approved methodologies as described in Section III above. The Shared Services testimony (Ex. SCG-22/SDGE-27) provides the details for SDG&E's shared assets.

VIII. WORKING CASH

A. Purpose And Determination Of Working Cash Under Sp U-16-W

Working cash is a component of rate base pursuant to SP U-16-W, its purpose is to compensate investors for funds supplied by them for the purpose of meeting day-to-day utility operational expenses in advance of the receipt of offsetting revenues collected for those services¹⁰. When practical, SP U-16-W calls for a detailed analysis of working cash referred to as the "weighted average or lead-lag days" method¹¹. SDG&E employs this method for calculating its working cash allowance.

As prescribed in SP U-16-W, the working cash allowance is comprised of balance sheet and income statement items. Balance sheet items quantify the daily cash requirements needed to run the business economically and efficiently. These items include accounts funded with cash supplied by investors, offset by items funded with cash supplied by others. The analysis of the

¹⁰ SP U-16-W, *Determination of Working Cash Allowance*, (March 2006) (SP U-16-W Report) at Chapter 1, Section D, Paragraph 6 ("Its purpose is to compensate investors for funds provided by them which are permanently committed to the business for the purpose of paying operating expenses in advance of receipt of offsetting revenues from its customers and in order to maintain minimum bank balances.").

¹¹ *See id.* at Chapter 3, Section A, Paragraph 1 ("The detailed basis of determining working cash allowance is normally referred to as the 'weighted average or lead-lag days' method. Fundamentally, the same principles apply for the detailed basis as for the simplified basis. That is, first the operational requirement is determined and then amounts of monies available through tax accruals and other funds not supplied by the investor are deducted from the operational requirement.").

balance sheet accounts is supplemented by an analysis of the income statement items, which quantifies the timing between when revenues are collected and when expenses are paid.

For SDG&E, the net outcome of the timing of these transactions results in its average revenue lag (the time between when utility services are rendered and when revenue is received for those services) being greater than its average expense lag (the time between when suppliers render services to SDG&E and when SDG&E pays for those services). Consequently, SDG&E's investors are required to fund the operating cash needed during the net lag days (net of revenue and expense lags). The sum of the net operational cash requirement and the lead-lag requirement results in the total working cash allowance.

Table SDGE-SPD4 below summarizes SDG&E's Test Year 2028 working cash request. Each component in this table is described in the following sections.

TABLE SDGE-SPD-4
SDG&E Working Cash Requirement

Operational Cash Requirement	\$148.1	
Lead-Lag Working Cash Requirement	\$167.6	
Total Working Cash Requirement		\$315.7
Working cash provided by non-investors		(\$73.3)
Net Working Cash Requirement		<u>\$242.4</u>

B. SDG&E'S Working Cash Determination

1. Working Cash Requirement for Balancing Sheet Accounts

SDG&E's requested balance sheet related working cash allowance was quantified by calculating weighted-average 2025 balances for balance sheet accounts that require or provide working cash using a mid-month convention and then escalating to 2028 dollars (*see* Tables SDGE-SPD-9, SDGE-SPD-10, and SDGE-SPD-11). This practice of averaging month-end balances for determining the balance sheet-related working cash allowance is outlined in Chapter 3 of CPUC SP U-16-W.

These balances were then allocated between electric distribution, gas service, and generation based on the allocation percentages described in the Shared Services testimony (Ex. SCG-22/SDGE-27). The 2025 electric distribution, gas service, and generation average balances were then escalated to 2028 dollars using the shared services escalation factor index (1.0690), which reflects the weighted average of labor and non-labor Operations & Maintenance (O&M)

indexes, as presented in the Escalation and Gas Customer Forecast testimony (Ex. SCG-20/SDGE-24).

2. Working Cash Requirement for Income Statement Accounts

The working cash requirements for income statement items involved performing a lead-lag study which quantifies the net timing difference between revenue lag and expense lag using 2025 recorded revenues and expenses.

Revenue lag is the average number of days between the mid-point of customers' monthly service and receipt of payment for that monthly service by SDG&E (*See* line 1 of Tables SDGE-SPD-6, SDGE-SPD-7, and SDGE-SPD-8). Because most SDG&E customers pay for all categories of service (both electric distribution and gas service) with a single bill, the lead/lag study uses a single value for revenue lag days.

Expense lag is the number of days between the time the utility's expenses are incurred and the time SDG&E pays its suppliers (column a of Table SDGE-SPD-5). Because SDG&E pays separately for each category of service, each expense category has its own value for lead/lag days. The expense lag analysis reflects 2025 as-recorded expenses and the associated average expense lag days. To determine the number of expense lag days, SDG&E analyzed 12 months of invoices from calendar year 2025 for account categories that represent the types of expenses forecasted in the GRC (*e.g.*, accounts payable records, O&M expenses, payroll expense, taxes, and benefits, among others). The weighted-average number of expense lag days for each category was derived by the following process:¹²

- For the total population of invoices for 2025, determine lag days for each expense category by comparing the service date (defined as either the date service was provided or the midpoint of the service period) to the date cash payment was made;
- For each category, multiplying the lag days by the associated dollar amount of the payment, deriving "dollar-days"; and
- Summing the dollar-days for each payment and dividing that total by the total of the 2025 payment amounts to derive the average expense lag.

¹² The same approach for calculating expense lag was also used for energy commodity purchases, which have no provision for working cash in their specific tariffs.

- The account category totals were allocated to electric distribution, gas service, and generation based on the segmentation factors described in the Shared Services testimony (Ex. SCG-22/SDGE-27).

The overall weighted-average number of expense lag days for electric distribution, gas service, and generation for all non-commodity expense categories was calculated, and applied to the total 2025 O&M costs forecasted in the GRC using the following steps:

- Annual 2025 electric distribution, gas service, and generation expenses for each account category were multiplied by total lag days, generating dollar-days (*see* columns c, e, and g in Table SDGE-SPD-5);
- Dollar-days and total expenses for all account categories except commodities were summed; and
- Total dollar-days were divided by total expenses to determine non-commodity weighted-average lag days (*see* lines 21b, 21d, and 21f of Table SDGE-SPD-5).

To generate dollar-days on non-commodity expenses, SDG&E used weighted-average lag days and multiplied them by the sum of the total 2028 O&M costs forecasted in the GRC, forecasted deferred taxes, franchise fees on commodities, pass-through taxes, and balanced program costs (represented as All Other Expenses on line 6 of Tables SDGE-SPD-6, SDGE-SPD-7, and SDGE-SPD-8). For commodity expenses, specific, rather than weighted-average, expense lag days were applied to the forecasted dollars to generate dollar-days. Commodity expenses were separated to not dilute the weighted average of other expense categories.

The sum of the Commodity and All Other Expenses dollar-days were divided by total forecasted expenses to determine overall weighted-average expense lag days (*see* line 7 of Tables SDGE-SPD-6, SDGE-SPD-7, and SDGE-SPD-8).

In the last step of the lead/lag study, the overall weighted-average expense lag days for electric distribution, gas service, and generation were subtracted from revenue lag days to produce net revenue lag days (*see* line 8 of Tables SDGE-SPD-6, SDGE-SPD-7, and SDGE-SPD-8, below), which is the average number of days between payment of expenses and collection of revenue. This value was then multiplied by total forecasted expenses and divided by 365 days to determine the total working cash requirement associated with revenue and expenses (*see* line 9 of Tables SDGE-SPD-6, SDGE-SPD-7, and SDGE-SPD-8, below).

3. Derivation of the Total Working Cash Requirement

The total working cash allowance was determined by adding the balance sheet related working cash requirements to the lead/lag related working cash requirements for electric distribution, gas service, and generation (see line 10 of Tables SDGE-SPD-6, SDGE-SPD-7, and SDGE-SPD-8, below).

C. Summary Reports

Table SDGE-SPD-5 summarizes 2025 expense lag days, commodity expenses, non-commodity expenses, and associated dollar-days by account category for electric distribution, gas service, and generation. The overall 2025 weighted-average non-commodity expense lag days are 28.00 days for electric distribution, 29.87 days for gas service, and 27.10 days for generation. These values were developed to apply to 2028 expense forecasts.

Table SDGE-SPD-5
San Diego Gas & Electric Company
2025 Expense Lag Days Summary - Electric Distribution, Gas Service, and Generation
(\$000)

Line No.	Description	[a]	[b]	[c]	[d]	[e]	[f]	[g]
		Expense Lag Days	Total Company Electric Distribution		Total Company Gas Service		Total Company Generation	
			Expenses	Dollar-Days	Expenses	Dollar-Days	Expenses	Dollar-Days
			[a]*[b]		[a]*[d]		[a]*[f]	
<u>Commodity Expense:</u>								
1	Purchased Electric Costs	45.36	\$ 578,590	\$ 26,245,144	-	-	-	-
2	Purchased Gas Costs	32.79	-	-	\$ 175,892	\$ 5,767,236	-	-
3	Purchased Generation Costs	38.21	-	-	-	-	\$ 63,808	\$ 2,438,097
<u>Non-Commodity Expense:</u>								
4	Payroll Expense	13.70	166,801	2,284,701	109,826	1,504,306	15,390	210,795
5	F.I.C.A. & Medicare Expense	13.00	12,172	158,235	8,014	104,186	1,123	14,599
6	Federal/State Unemployment Insurance	76.05	201	15,301	132	10,074	19	1,412
7	Incentive Compensation Plan	256.58	23,957	6,146,885	15,774	4,047,267	2,210	567,133
8	Employee Benefits	22.77	67,462	1,536,113	44,419	1,011,416	6,224	141,727
9	Goods & Services	35.39	162,476	5,749,582	106,979	3,785,673	14,991	530,476
10	Payments by Corporate Center	11.47	121,266	1,391,451	79,845	916,167	11,188	128,380
11	Real Estate Rental	(10.88)	9,105	(99,078)	5,995	(65,236)	840	(9,141)
12	Materials Issued from Stores	-	9,066	-	1,132	-	154	-
13	Property/Ad Valorem/Pass-Through Taxes	74.26	250,427	18,595,724	164,888	12,243,903	23,105	1,715,706
14	Federal Income Taxes--Current	41.45	3,851	159,610	2,536	105,091	355	14,726
15	CA Corporate Franchise Taxes	(17.00)	6,388	(108,596)	4,206	(71,503)	589	(10,019)
16	Federal Income Taxes - Deferred	-	(8,827)	-	4,538	-	1,061	-
17	Depreciation Provision	-	721,801	-	197,913	-	62,406	-
18	Amortization of Insurance Premiums	-	92,398	-	60,837	-	8,525	-
19	EXPENSES EXCLUDING COMMODITY		\$ 1,638,545	\$ 35,829,927	\$ 807,034	\$ 23,591,347	\$ 148,181	\$ 3,305,794
20	TOTAL EXPENSES INCLUDING COMMODITY		\$ 2,217,136	\$ 62,075,072	\$ 982,926	\$ 29,358,583	\$ 211,990	\$ 5,743,891
21	Weighted Average Non-Commodity Expense Lag Days		21.87	[19c/19b]	29.23	[19e/19d]	22.31	[19g/19f]
22	Weighted Average Expense Lag Days (including Commodity)		28.00	[20c/20b]	29.87	[20e/20d]	27.10	[20g/20f]

Note: Values may not add to totals due to rounding.

Tables SDGE-SPD-6, SDGE-SPD-7, and SDGE-SPD-8 summarize the calculations of the 2028 lead/lag working cash requirements of \$120.8 million for electric distribution, \$33.6 million for gas service, and \$13.3 million for generation. As demonstrated in Tables SDGE-SPD-6

through SDGE-SPD-8, the calculation is based on 2025 lag days and forecasted 2028 revenues and expenses to determine SDG&E's 2028 working cash requirement.

Table SDGE-SPD-6
San Diego Gas & Electric Company
Lead-Lag Study Summary - Electric Distribution
(\$000)

Line No.	Description	[a] 2025 Expense Lag Days	[b] 2028 Expense Forecast	[c] 2028 Calculated Dollar-Days [a]*[b]
1	Revenue	<u>40.87</u>		
2	Expenses			
3	Commodity Purchases - Electric	45.36	\$ 433,461	\$ 19,662,010
4	Commodity Purchases - Core Gas	32.79	-	-
5	Commodity Purchases - Generation Fuel	38.21	-	-
6	All Other Expenses	<u>21.87</u>	<u>2,421,198</u>	<u>52,944,119</u>
7	Total Expenses - a: c/b; b&c: (3+4+5+6)	<u>25.43</u>	<u>\$ 2,854,659</u>	<u>\$ 72,606,129</u>
8	Net Revenue Lag Days [1a-7a] *	<u>15.44</u>		
9	Total Lead-Lag Working Cash Requirement [8a*7b/365]		<u>\$ 120,756</u>	

Note: Values may not add to totals due to rounding.

* Represents 2028 net revenue lag days based on 2028 expense forecasts.

Table SDGE-SPD-7
San Diego Gas & Electric Company
Lead-Lag Study Summary - Gas Service
(\$000)

Line No.	Description	[a] 2025 Expense Lag Days	[b] 2028 Expense Forecast	[c] 2028 Calculated Dollar-Days [a]*[b]
1	Revenue	40.87		
2	Expenses			
3	Commodity Purchases - Electric	45.36	-	-
4	Commodity Purchases - Core Gas	32.79	203,356	6,667,747
5	Commodity Purchases - Generation Fuel	38.21	-	-
6	All Other Expenses	29.23	910,884	26,627,093
7	Total Expenses - a: c/b; b&c: (3+4+5+6)	29.88	\$ 1,114,239	\$ 33,294,840
8	Net Revenue Lag Days [1a-7a] *	10.99		
9	Total Lead-Lag Working Cash Requirement [8a*7b/365]		\$ 33,559	

Note: Values may not add to totals due to rounding.

* Represents 2028 net revenue lag days based on 2028 expense forecasts.

Table SDGE-SPD-8
San Diego Gas & Electric Company
Lead-Lag Study Summary - Generation
(\$000)

Line No.	Description	[a] 2025 Expense Lag Days	[b] 2028 Expense Forecast	[c] 2028 Calculated Dollar-Days [a]*[b]
1	Revenue	<u>40.87</u>		
2	Expenses			
3	Commodity Purchases - Electric	45.36	-	-
4	Commodity Purchases - Core Gas	32.79	-	-
5	Commodity Purchases - Generation Fuel	38.21	366,069	13,987,378
6	All Other Expenses	<u>22.31</u>	<u>209,031</u>	<u>4,663,302</u>
7	Total Expenses - a: c/b; b&c: (3+4+5+6)	<u>32.43</u>	<u>\$ 575,100</u>	<u>\$ 18,650,680</u>
8	Net Revenue Lag Days [1a-7a] *	<u>8.44</u>		
9	Total Lead-Lag Working Cash Requirement [8a*7b/365]		<u>\$ 13,304</u>	

Note: Values may not add to totals due to rounding.

* Represents 2028 net revenue lag days based on 2028 expense forecasts.

Tables SDGE-SPD-9, SDGE-SPD-10, and SDGE-SPD-11 summarize 2025 and forecasted 2028 balance sheet sources and uses of working cash and add the lead/lag working cash requirements to derive the total working cash requirements of \$178.0 million for electric distribution, \$46.1 million for gas service, and \$18.2 million for generation.

Table SDGE-SPD-9
San Diego Gas & Electric Company
Working Cash Summary – Electric Distribution
(\$000)

Line No.	Description	2025 As-Recorded	2028 Requirement
<u>Balance Sheet Account Uses of Working Cash</u>			
1	Cash Balances	\$ -	\$ -
2	Other Receivables	41,766	44,648
3	Prepayments	47,486	50,762
4	Deferred Debits	<u>3,464</u>	<u>3,703</u>
5	Sub-total Balance Sheet Account Uses of Working Cash	<u>92,716</u>	<u>99,113</u>
<u>Balance Sheet Account Sources of Working Cash</u>			
6	Employee Withholdings	(265)	(283)
7	Current and Accrued Liabilities	<u>(38,899)</u>	<u>(41,583)</u>
8	Sub-total Balance Sheet Account Sources of Working Cash	<u>(39,164)</u>	<u>(41,866)</u>
9	Net Balance Sheet Account Working Cash Requirement [5+8] *	<u><u>\$ 53,552</u></u>	<u><u>\$ 57,247</u></u>
<u>Lead/Lag Working Capital Requirement **</u>			<u>\$ 120,756</u>
10	Total Working Cash Requirement		<u><u>\$ 178,003</u></u>

* Proposed 2028 amount is derived by escalating the 2025 recorded value using the shared service index.

** Proposed 2028 working cash requirement is from the previous table (Table SPD-6).

Note: Values may not add to totals due to rounding.

Table SDGE-SPD-10
San Diego Gas & Electric Company
Working Cash Summary – Gas Service
(\$000)

Line No.	Description	2025 As-Recorded	2028 Requirement
<u>Balance Sheet Account Uses of Working Cash</u>			
1	Cash Balances	\$ -	\$ -
2	Other Receivables	27,500	29,398
3	Prepayments	7,797	8,335
4	Deferred Debits	2,281	2,438
5	Sub-total Balance Sheet Account Uses of Working Cash	<u>37,578</u>	<u>40,171</u>
<u>Balance Sheet Account Sources of Working Cash</u>			
6	Employee Withholdings	(175)	(187)
7	Current and Accrued Liabilities	(25,612)	(27,379)
8	Sub-total Balance Sheet Account Sources of Working Cash	<u>(25,787)</u>	<u>(27,566)</u>
9	Net Balance Sheet Account Working Cash Requirement [5+8] *	<u>\$ 11,791</u>	<u>\$ 12,605</u>
<u>Lead/Lag Working Capital Requirement **</u>			<u>\$ 33,559</u>
10	Total Working Cash Requirement		<u>\$ 46,164</u>

* Proposed 2028 amount is derived by escalating the 2025 recorded value using the shared service index.

** Proposed 2028 working cash requirement is from the previous table (Table SPD-7).

Note: Values may not add to totals due to rounding.

Table SDGE-SPD-11
San Diego Gas & Electric Company
Working Cash Summary – Generation
(\$000)

Line No.	Description	2025 As-Recorded	2028 Requirement
<u>Balance Sheet Account Uses of Working Cash</u>			
1	Cash Balances	\$ -	\$ -
2	Other Receivables	3,853	4,119
3	Prepayments	4,042	4,320
4	Deferred Debits	320	342
5	Sub-total Balance Sheet Account Uses of Working Cash	<u>8,215</u>	<u>8,781</u>
<u>Balance Sheet Account Sources of Working Cash</u>			
6	Employee Withholdings	(24)	(26)
7	Current and Accrued Liabilities	(3,589)	(3,837)
8	Sub-total Balance Sheet Account Sources of Working Cash	<u>(3,613)</u>	<u>(3,863)</u>
9	Net Balance Sheet Account Working Cash Requirement [5+8] *	<u>\$ 4,602</u>	<u>\$ 4,918</u>
<u>Lead/Lag Working Capital Requirement **</u>			<u>\$ 13,304</u>
10	Total Working Cash Requirement		<u>\$ 18,222</u>

* Proposed 2028 amount is derived by escalating the 2025 recorded value using the shared service index.

** Proposed 2028 working cash requirement is from the previous table (Table SPD-8).

Note: Values may not add to totals due to rounding.

D. Working Cash Details

This section contains additional details about each account used in the development of SDG&E's 2028 GRC working cash request.

1. Balance Sheet Accounts

These categories provide an overview of the main components of each operational cash requirement. For a full list of all the components, *see* my workpapers (Ex. SDGE-28-WP, Schedules P and Schedule P Detail).

2. Operational Cash Requirements

These accounts represent cash supplied by investors, and establish the operational working cash requirement.

a. Cash Balance – In alignment with A.22-05-016 SDG&E excluded cash balance from its working cash study. (See line 1 of Tables SDGE-SPD-9, SDGE-SPD-10, and SDGE-SPD-11.)

b. Other Receivables – This category includes Sundry Billing, Damage Claims Receivables, and Miscellaneous Receivables. (See line 2 of Tables SDGE-SPD-9, SDGE-SPD-10, and SDGE-SPD-11.) Some additional information on Sundry Billings and Damage Claims Receives are as follows:

- SDG&E's Sundry Billings process addresses customer requested construction projects, governmental programs, and marketing services. SDG&E does not charge interest on the balances.
- Damage Claims Receivables represent the amount that SDG&E has not collected from third parties for damage to utility property, such as power poles or gas pipelines.

c. Prepayments – This category includes accounts that SDG&E uses to make prepayments, which do not earn interest. These accounts include Prepaid General and Fire Insurance Premiums and Miscellaneous Payments. (See line 3 of Tables SDGE-SPD-9, SDGE-SPD-10, and SDGE-SPD-11.)

d. Deferred Debits – This category reflects preliminary survey and investigation costs (costs incurred on potential capital projects, before they are added to construction work in progress and earn Allowance for Funds Used During Construction (AFUDC)), as well as other non-current prepaid items. (See line 4 of Tables SDGE-SPD-9, SDGE-SPD-10, and SDGE-SPD-11.)

3. Working Capital Not Supplied by Investors

The following accounts represent working cash supplied by sources other than utility investors, and thus reducing the total working cash requirement.

1 **a. Employee Withholdings** – This category includes the employee
2 paid portion of benefit costs and taxes. (*See* line 6 of Tables SDGE-SPD-9, SDGE-SPD-10, and
3 SDGE-SPD-11.)

4 **b. Current and Accrued Liabilities** – These accounts include the
5 following items, among others (*see* line 7 of Tables SDGE-SPD-9, SDGE-SPD-10, and SDGE-
6 SPD-11):

- 7 • Workers' Compensation Reserves represent estimated future costs payable to
8 employees for work-related injuries already incurred. This amount was tax effected
9 at a rate of 27.98% to reflect the fact that the revenues collected are taxed in the
10 year received, and only a portion of this is available as working cash.
- 11 • Accrued Vacation was included to be in accordance with the deductions outlined in
12 Chapter 3, section 25 of SP U-16-W.
- 13 • Goods Received and Invoices Received Clearing Accounts contain amounts that
14 are payable to suppliers on purchases that will eventually be capitalized and
15 included in rate base. Prior to being capitalized these purchases flow through these
16 accounts and are therefore appropriately reflected within these payables accounts
17 and captured for working cash purposes. This does not include accounts payable
18 for O&M expenses, which are instead included in the lead/lag study.
- 19 • CPUC fees are included in workpaper SDGE-28-WP, Schedule P-5.1, and average
20 \$2.6 million.
- 21 • Customer Deposits are excluded as a working cash item because the utility pays
22 interest at the Federal Reserve published prime non-financial 3-month commercial
23 paper rate. This treatment is consistent with SDG&E's previous GRC decisions¹³
24 and with SP U-16-W whereby interest-bearing accounts are excluded from working
25 cash. SDG&E is applying the same methodology it has advocated in past GRC's.
26 SP U-16-W states under the Customers' Deposits heading that "[o]nly non-interest-
27 bearing customer deposits are to be considered."¹⁴ Furthermore, the Customer
28 Deposit balance can fluctuate depending upon the economy and building demand,

¹³ See D.24-12-074.

¹⁴ SP U-16-W Report, Chapter 3, Section C, Paragraph 22.

and these balances do not have the same characteristics as permanent sources of financing.

- Customer Advances for Construction (CAC) are excluded because these amounts are already deducted from rate base; consequently, they are appropriately excluded from working cash.

E. Income Statement Accounts (Lead/Lag Working Cash Requirements)

The Income Statement accounts, as described below, consist of the following primary components that make up the lead-lag working cash requirement: (1) revenue lag, (2) expense lag, and (3) Test Year 2028 forecast expense. For a full list of all the components and how they are calculated, *see* my workpapers at Exhibit SDGE-28-WP, Schedules C through O-3.

1. Revenue Lag

The 2025 actual revenue lag of 40.87 days is shown on line 1 of Tables SDGE-SPD-6, SDGE-SPD-7, and SDGE-SPD-8. In comparison to SDG&E's 2024 GRC, revenue lag decreased primarily due to a decrease in collection lag. The collection lag is shown on workpaper Ex. SDGE-28-WP, Schedule C, and uses the "accounts receivable" (A/R) method as outlined in Chapter 3 of SP U-16-W. Table SPD-12 below summarizes the revenue lag day calculation, followed by a description of each component:

**Table SDGE-SPD-12
Total Revenue Lag**

Meter Reading Lag	15.21 days
Billing Lag	5.50 days
Collection Lag	19.76 days
Bank Lag	<u>0.40 days</u>
Total Revenue Lag	40.87 days

a. Meter reading lag – Calculated from the midpoint of each month's consumption to when the meter is read. This study assumes that service is rendered evenly before and after the meter is read, which results in an average lag of 15.21 days.

b. Billing lag – Reflects the lag from the date the meter is read until the time the bill is prepared and mailed to the customer. SDG&E performed a detailed query of all meter reads in 2025, which resulted in 5.50 lag days.

c. Collection lag – Based upon an analysis of accounts receivable balances and revenues for 2025. Annual revenues divided by the adjusted average monthly accounts receivable balance results in the average number of accounts receivable turnovers per

1 year. Revenue collection lag is equal to 365 days divided by the average number of accounts receivable turnovers per year.

3 **d. Bank lag** – Reflects the number of days from the bank inflow until
4 those funds become available, which results in 0.40 lag days.

5 **2. Expense Lag**

6 The 2025 expense lag was 25.42 days for electric distribution, 29.88 days for gas service,
7 and 32.43 days for generation as shown on line 7 of Tables SDGE- SPD-6, SDGE-SPD-7, and
8 SDGE-SPD-8. Expense lag is comprised of the following:

9 **a. Purchased Commodities, Electric Generation** – The ratemaking
10 mechanisms associated with these costs presume collection of revenues as supply is consumed and
11 payment of expenses when supply is delivered. *See* line 1 of Table SDGE-SPD-5 for summarized
12 information, or *see* my workpaper (Ex. SDGE-28-WP, Schedule D-1), for more detail.

13 Components include:

- 14 • Electric Purchases (Non-California Independent System Operator [Non-CAISO]):
15 44.6 days and reflect electric purchases outside of CAISO.
- 16 • Electric Purchases (CAISO): 40.8 days based on the CAISO calendar. These are
17 payments for purchases of electricity from CAISO. The days were calculated by
18 subtracting the payment due date minus the service period midpoint. The average
19 days were then calculated for all the service period days. *See* my workpaper (Ex.
20 SDGE-28-WP), Schedule D, for more detail.

21 **b. Purchased Commodities, Core Gas** – As with purchased electric
22 costs, the ratemaking mechanisms associated with these costs presume collection of revenues as
23 supply is consumed and payment of expenses when supply is delivered. The 2025 purchased gas
24 costs were derived by summing the payments made each month. Lag days reflect the weighted-
25 average of all core gas commodity payments. Each category has the total invoice amounts and its
26 corresponding dollar weighted days. These dollar-days were calculated by multiplying the invoice
27 amount by the number of lag days. The total dollar-days for all the categories were divided by the
28 total invoice amounts to calculate the number of lag days for this category. *See* line 2 of Table
29 SDGE-SPD-5 or my workpaper (Ex. SDGE-28-WP, Schedule D-2), for more detail.

30 **c. Purchased Commodities, Generation Fuel** – As with purchased
31 electric and gas costs, the ratemaking mechanisms associated with these costs presume collection
32 of revenues as supply is consumed and payment of expenses when supply is delivered. The 2025

1 purchased generation costs were derived by summing the payments made each month. Lag days
2 reflect the weighted-average of all core gas commodity payments. Each category has the total
3 invoice amounts and its corresponding dollar weighted days. These dollar-days were calculated
4 by multiplying the invoice amount by the number of lag days. The total dollar-days for all the
5 categories were divided by the total invoice amounts to calculate the number of lag days for this
6 category. *See* line 3 of Table SDGE-SPD-5 or my workpaper (Ex. SDGE-28-WP, Schedule D-3),
7 for more detail.

8 **d. Payroll Expense** – This category includes O&M and the O&M
9 portion of clearing and balanced labor costs as detailed in the first three lines of workpaper (Ex.
10 SDGE-28-WP), Schedule E, and further described below. Payroll expenses are incurred every
11 other Friday and withholding taxes are paid the day before payday to the outsourcing company
12 that makes all tax payments on behalf of SDG&E; therefore, the resulting net lag is 13.7 lag days.
13 *See* line 4 of Table SDGE-SPD-5 or my workpaper (Ex. SDGE-28-WP, Schedule E), for more
14 detail.

15 **e. Federal Insurance Contributions Act Tax (FICA)** – As with the
16 tax portion of payroll expenses above, FICA (which includes Old-Age, Survivor's, and Disability
17 Insurance [OASDI] and Medicare) expenses are paid the day before payday to SDG&E's payroll
18 outsourcing company. *See* line 5 of Table SDGE-SPD-5 or my workpaper (Ex. SDGE-28-WP,
19 Schedule F), for more detail.

20 **f. Federal Unemployment Tax Act (FUTA) and State**
21 **Unemployment Insurance (SUI)** – These costs are paid electronically to SDG&E's payroll
22 outsourcing company one month after each quarter end. This study reflects both FUTA and SUI,
23 net of capital. *See* line 6 of Table SDGE-SPD-5 or workpaper (Ex. SDGE-28-WP, Schedule F),
24 for more detail.

25 **g. Variable Pay / Incentive Compensation Plan (ICP)** – This
26 compensation is earned and reflected as an expense in the preceding year (2024), but paid out in
27 the following year (2025). Refer to the Compensation & Benefits testimony (Ex. SCG-16/SDGE-

20) for a description of ICP and benefits. *See* line 7 of Table SDGE-SPD-5 or workpaper (Ex. SDGE-28-WP, Schedule G), for more detail.

h. Employee Benefits – This category includes health, welfare, retirement and other benefits offered to employees. *See* line 8 of Table SDGE-SPD-5 or my workpaper (Ex. SDGE-28-WP, Schedule H), for more detail.

i. Goods and Services – The Goods and Services expense amount includes other expenses that have not been identified separately on the lead/lag study. *See* line 9 of Table SDGE-SPD-5 or workpaper (Ex. SDGE-28-WP, Schedule I), for more detail.

j. Payments by Corporate Center – As described in the Corporate Center Administration testimony (Ex. SCG-14/SDGE-18), SDG&E pays for its share of expenses incurred by Corporate Center on behalf of the utility. The lead/lag days from corresponding expense categories in this lead/lag study are applied to Corporate Center payments to calculate overall lag days. *See* line 10 of Table SDGE-SPD-5 or workpaper (Ex. SDGE-28-WP, Schedule J), for more detail.

k. Real Estate Lease Payments – Real Estate Leases are typically paid in advance and include such leases as office space, easements, and communication sites. Most of the 2025 lease payment dollars were paid monthly. The overall expense lag is negative because payments are made prior to the midpoint of the occupancy period. *See* line 11 of Table SDGE-SPD-5 or workpaper (Ex. SDGE-28-WP, Schedule K), for more detail.

l. Materials Issued from Stores – This category includes materials issued for O&M, such as tools, pipes and other material. *See* line 12 of Table SDGE-SPD-5 or workpaper (Ex. SDGE-28-WP, Schedule L), for more detail.

m. Property/Ad Valorem/Pass-through Taxes – This category includes property/ad valorem taxes, franchise fees, and pass-through taxes collected on behalf of government agencies.¹⁵

Although pass-through taxes do not flow through the income statement, they are a source of working cash and are appropriately included in the lead/lag study. The taxes are collected from ratepayers, and payments are made later to taxing authorities. Most of these payments are made

¹⁵ A description of taxes is provided in the Tax testimony (Ex. SCG-25/SDGE-30).

electronically. *See* line 13 of Table SDGE-SPD-5 or workpaper (Ex. SDGE-28-WP, Schedule M-1 and M-2), for more detail.

n. Federal Income Taxes, Current – Federal tax expense lags are based on statutory due dates: April 15 of each year for the first quarter, June 15 for the second quarter, September 15 for the third quarter, and December 15 for the fourth quarter. The tax lag days of each payment are calculated between the midpoint of the year and the wire payment date. *See* line 14 of Table SDGE-SPD-5 or workpaper (Ex. SDGE-28-WP, Schedule N-1), for more detail.

o. California Corporate Franchise Taxes, Current – State tax expense lags are based on statutory due dates of April 15, June 15, and December 15. The method of calculating the lag days is the same as for federal tax expenses. *See* line 15 of Table SDGE-SPD-5 or workpaper (Ex. SDGE-28-WP, Schedule N-2), for more detail.

p. Federal/State Income Taxes, Deferred – This amount reflects any increase or decrease in deferred federal and state taxes that occurred in 2025. Accumulated deferred income taxes (ADIT) are deducted from rate base as cost-free funds available for investment. However, the financial recording of deferred income taxes does not produce cost-free capital and the funds do not become available until customers pay their bills. Therefore, the recorded amount of ADIT overstates the actual amount of cost-free funds that are available. The inclusion of deferred income taxes at zero lag days in the overall expense lag weighted-average corrects this condition, in the same manner as depreciation, described below. *See* line 16 of Table SDGE-SPD-5 or workpaper (Ex. SDGE-28-WP, Schedule O-1), for more detail.

q. Depreciation – Depreciation represents the expense allocation of capital investments over the life of the resulting assets. Including depreciation expense as a component of working cash captures the timing differential between the depletive impact depreciation has on rate base in comparison to receiving cash from customers.

Through depreciation, the utility recovers through rates the costs it incurs to buy, install, and remove assets over the useful life of the assets. This is a mechanism for customers to pay through rates the portion of the assets' cost from which they receive benefit. Plant in service is reduced by depreciation expense in the calculation of rate base, but the cash provided by investors for the plant in service investments is not recovered until the cash relating to the depreciation expense is collected from customers. This results in a revenue lag between the recording of depreciation expense (resulting in lower rate base, and therefore lower return on rate base) and the

1 cash received. This lag is captured as part of the revenue lag forecast. *See* line 14 of Tables
2 SDGE-SPD-6, SDGE-SPD-7, and SDGE-SDP-8, or my workpapers for more detail. (Ex. SDGE-
3 28-WP, Schedule O-2.)

4 Investors should earn a return on their invested capital until the cash is returned to them,
5 and this shortfall is addressed by including depreciation expense in the lead-lag component of
6 working cash and setting the lag equal to zero days is consistent with SP U-16-W.¹⁶

7 In recent CPUC GRC's, intervenors have presented the argument that depreciation expense
8 does not impact cash. However, this argument does not address the issue that depreciation
9 expense is the mechanism to recover the capital provided by investors which cannot be returned to
10 investors until the cash is received. Working cash is not just the sum of cash items; its purpose is
11 to connect rate base as an accrual accounting process to a cash process.

12 SDG&E's inclusion of depreciation expense as part of working cash is consistent with SP
13 U-16-W which states repetitively¹⁷ that depreciation expense should be included in the
14 computation of the working cash allowance.

15 **r. Amortization of Insurance Premiums** – SDG&E's insurance
16 premiums are paid in advance and therefore result in a working cash need. Weighting these
17 dollars at zero expense lag recognizes that the investor funding has occurred, but the funds have
18 not been recovered from customers. Amortization is weighted at zero expense lag for the same

¹⁶ Expense lag for capital purchases is credited to customers through current and accrued liabilities in the balance sheet section of the working cash study. SP U-16-W, Chapter 3, Section F, Paragraph 40 (“Since book depreciation expense is occurring uniformly day by day and accumulated depreciation is deducted from the rate base, the practice is to include depreciation provisions at zero lag days.”)

¹⁷ *See* SP U-16-W Report, Chapter 2, Section F, at Paragraphs 39 (“Expense lag arises when the utility receives credit for the various costs of rendering service which have been advanced to the utility by its suppliers, employees, and taxing agencies. The total cost of rendering service reflected in operating expenses, taxes **and book depreciation**, from which the average day lag of credit is determined, is that amount set out in the summary of earnings chapter. The expenses used to develop lag days are separated into their basic components, such as purchased commodities, company labor expensed, types of employee benefits, types of taxes, depreciation, materials, goods and services.”); at Paragraph 40 (“Since book depreciation expense is occurring uniformly day by day and accumulated depreciation is deducted from the rate base, **the practice is to include depreciation provisions at zero lag days.**”) (emphasis added); and at Paragraph 43 (“The dollar amounts of goods and services (sometimes called “voucher items”) are obtained by subtracting from total operating expenses all items of purchased commodities, company labor and benefits, taxes, **depreciation** and materials”) (emphasis added).

1 reason as previously described under depreciation. *See* line 18 of Table SDGE-SPD-5 or my
2 workpaper (Ex. SDGE-28-WP, Schedule O-3), for more detail.

3 **3. TY 2028 Expense Components**

4 TY 2028 Expense Components are included in SDG&E's income statement accounts (*i.e.*,
5 lead/lag working cash requirements). Forecasted expenditures for commodity costs, O&M non-
6 commodity costs, franchise fees on commodity costs, pass-through taxes, and balancing account
7 costs are utilized in the working cash computation. *See* line 7 of Tables SDGE-SPD-6, SDGE-
8 SPD-7, and SDGE-SPD-8 or my workpaper (Ex. SDGE-28-WP), Schedules B-1, B-2, and B-3, for
9 more detail.

10 **a. TY Forecasted Commodity Costs** – For commodity costs, 2025
11 actual weighted-average lag days are applied to forecasted 2028 costs. *See* line 3b of Table
12 SDGE-SPD-6, line 4b of Table SDGE-SPD-7, and line 5b of Table SDGE-SPD-8.

13 Those costs include:

- 14 • Forecasted gas service costs are computed by multiplying the forecasted 2028
15 monthly demand by the monthly weighted-average cost of gas (WACOG). The
16 monthly WACOG reflects purchase and interstate transportation costs.
- 17 • Purchased electric costs are computed based on SDG&E's resource planning
18 forecast.

19 **b. Other TY Non-Commodity Costs** – The 2025 overall weighted-
20 average number of lag days for expenses excluding commodities is applied to projected test year
21 O&M expenses. This category includes non-commodity O&M expenses, deferred income taxes,
22 franchise fees on commodity, pass-through taxes, and balanced program costs. *See* line 6b of
23 Tables SDGE-SPD-6, SDGE-SPD-7, and SDGE-SPD-8.

24 **IX. CONCLUSION**

25 SDG&E requests that the Commission adopt as reasonable all components of Weighted
26 Average Depreciated Rate Base, including Working Cash, as summarized in Table SDGE-SPD-1
27 for TY 2028.

28 This concludes my prepared direct testimony.

1 **X. WITNESS QUALIFICATIONS**

2 My name is Steven P. Dais. My business address is 8326 Century Park Court, San Diego,
3 CA 92123. I am employed by San Diego Gas & Electric (SDG&E) as the Asset and Project
4 Accounting Manager overseeing the rate base, depreciation, and project accounting functions in
5 the SDG&E Accounting Operations department. I have held this position since July 2020.

6 I received a Bachelor of Science degree in Accounting from Luther College in Decorah,
7 Iowa in 1995. I also received a Master of Business Administration with an emphasis in Finance
8 from University of Iowa in 1999.

9 I have been employed by SDG&E in various positions and responsibilities since 1999. My
10 experience has included positions in Financial Accounting, Accounting Operations, and Financial
11 Planning. My current responsibilities include managing the rate base and depreciation functions
12 including General Rate Case support and Project Accounting functions for SDG&E.

13 I have previously testified before this Commission.

APPENDIX A
GLOSSARY OF TERMS

APPENDIX A - GLOSSARY OF TERMS

ACRONYM	DEFINITION
A.	Application
ADIT	Accumulated Deferred Income Taxes
AFUDC	Allowance For Funds Used During Construction
A/R	Accounts Receivable
ARAM	Adjusted Rate Assumption Method
CAC	customer advances for construction
CAISO	California Independent System Operator Corporation
CIAC	Contributions In Aid of Construction
CPUC	California Public Utilities Commission
CWIP	Construction Work In Progress
ERTA	Economic Tax Recovery Act of 1981
FERC	Federal Energy Regulatory Commission
FICA	Federal Insurance Contributions Act Tax
FUTA	Federal Unemployment Tax Act
ICP	Incentive Compensation Plan
NON-CAISO	Non-California Independent System Operator
O&M	Operations and maintenance
OPBA	Overhead Pool Balancing Account
M&S	Materials and Supplies
RO	Results of Operations
ROR	Rate of Return
SDG&E	San Diego Gas & Electric Company
SoCalGas	Southern California Gas Company
SP	Standard Practice
SUI	State Unemployment Insurance
TCJA	Tax Cuts & Job Acts
TY	Test Year
USofA	Uniform System of Accounts
WACOG	Weighted Average Cost Of Gas

2028 GRC Testimony Revision Log –September 2026

Page	Line or Table	Revision Detail
1	11	Removed footnote
1	SDGE-SPD-1	Updated table
9	SDGE-SPD-2	Updated table
14	SDGE-SPD-3	Updated table
16	14	Changed 354.5 to 354.9
16	14	Changes 348.6 to 348.0
16	15	Changed 377.7 to 377.2
18	SDGE-SPD-4	Updated table and removed footnote
21	19	Changed 121.3 to 120.8
21	19	Changed 27.5 to 33.6
21	20	Changed 23.0 to 13.3
22	SDGE-SPD-6	Updated table
23	SDGE-SPD-7	Updated table
24	SDGE-SPD-8	Updated table
24	10	Changed 178.5 to 178.0
24	11	Changed 40.1 to 46.1
24	11	Changed 27.9 to 18.2
25	SDGE-SPD-9	Updated table
26	SDGE-SPD-10	Updated table
27	SDGE-SPD-11	Updated table
31	6	Changed 30.01 to 29.88
31	7	Changed 29.91 to 32.43