Decision 21-12-040 December 16, 2021

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U902E) for approval of its 2022 Electric Procurement Revenue Requirement Forecasts and GHG-related forecasts.	Application 21-04-010

DECISION APPROVING THE SAN DIEGO GAS & ELECTRIC COMPANY 2022 ELECTRIC PROCUREMENT REVENUE REQUIREMENT FORECASTS AND THE GREENHOUSE GAS-RELATED FORECASTS

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DECISION APPROVING THE SAN DIEGO GAS & ELECTRIC COMPANY 2022 ELECTRIC PROCUREMENT REVENUE REQUIREMENT FORECASTS AND THE GREENHOUSE GAS-RELATED FORECASTS

Summary

This decision adopts the 2022 Electric Procurement Revenue Requirement and Greenhouse Gas (GHG) Related Forecasts for inclusion in the retail rates of San Diego Gas & Electric Company (SDG&E) effective January 1, 2022. It also includes the rate impacts from SDG&E's Application (A.) 21-05-006, the 2021 Energy Resource Recovery Account Trigger Proceeding (ERRA Trigger). There will be a separate subsequent decision in A.21-05-006 on the merits of that application; therefore, SDG&E is not requesting approval of the 2021 ERRA Trigger in this application.

This decision uses the 2022 bundled sales forecast as proposed by SDG&E in A.21-08-010, SDG&E's application for the adoption of a 2022 Electric Sales Forecast, filed August 13, 2021.[1] There will be a separate subsequent decision in A.21-08-010 on the merits of that application; therefore, SDG&E is not requesting approval of the 2022 Sales Forecast in this application. SDG&E will timely file an advice letter to implement adopted rates which reflect the results of this decision as well as the Commission's decision in A.21-08-010.

Based on the Amended November Update, SDG&E projected a combined total decrease of $297,553,000 compared to the currently effective rates. In total, these changes would increase the current system average bundled rate by 1.382 cents per kilowatt hour, or 4.93%. Based on these numbers, SDG&E projects that a typical bundled non-CARE residential customer using

[1] San Diego Gas & Electric Company's (U902E) November Update to Application, dated November 8, 2021, at 3.

425 kilowatt hours could see a monthly bill increase of 1.17%, or $1.59. Based on these numbers, SDG&E projected that a typical bundled CARE residential customer using 425 kilowatt hours could see a monthly bill increase of 1.17%, or $1.04. (Amended 2021 November Update at 9.)

Neither A.21-05-006 nor A.21-08-010 are consolidated with this proceeding. Data from these two proceedings were received into evidence in this proceeding by rulings issued by the Presiding Officer. Both A.21-05-006 and A.21-08-010 remain open at this time.

The decision also modifies the list of mandatory data required as a part of the Master Data Request SDG&E must routinely provide to interested parties in subsequent forecast proceedings. Finally, this decision imposes a new requirement for SDG&E to include testimony by an officer of the company attesting to the quality control and executive oversight exercised in preparing future filings to ensure the accuracy, completeness, and reliability of the underlying data.

This proceeding is closed.

1. Background

1.1. Historical Background

1.1.1. Energy Resource Recovery Account

As required by Public Utilities (Pub. Util.) Code Section (§) 454.5(d)(3) the Commission established the Energy Resource Recovery Account (ERRA) in Decision (D.) 02-10-062 to allow an electric utility, like San Diego Gas & Electric Company (SDG&E), recover its procurement costs, including expenses for fuel and purchased power, utility retained generation, California Independent System Operator related costs, and the costs of the residual net short procurement requirements necessary to serve bundled customers.

The ERRA proceedings include: (1) the annual forecast proceeding to adopt the upcoming year's expected electricity procurement costs' revenue requirement, for SDG&E this application is for the 2022 ERRA Forecast (ERRA Forecast); (2) a 2022 Sales Forecast, which for SDG&E is a separate concurrent proceeding, Application (A.) 21-08-010; (3) an annual compliance proceeding to review the utility's behavior in the preceding year in energy resource contract administration, least cost dispatch of resources, the prudency of maintenance of utility-owned generation, and the ERRA balancing account; (4) a quarterly compliance report submitted to the Commission's Energy Division that enumerates the quarterly procurement transactions; and (5) as necessary, a mid-cycle review in an ERRA Trigger Application. SDG&E filed a 2021 ERRA Trigger Application, A.21-05-006.

SDG&E, like the other electric utilities, was authorized by D.12-12-033 to establish a sub-account within the ERRA to record greenhouse gas (GHG) related costs. Additionally, in D.12-12-033 and subsequent decisions, the Commission authorized SDG&E to also create the GHG Customer Outreach and Education Memorandum Account (GHGCOEMA),[2] the GHG Administrative Costs Memorandum Account (GHGACMA), and the GHG Revenue Balancing Account (GHGRBA).

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[2] Customarily, a balancing account is a regulatory asset and reported on the utility's balance sheet and is used to record and recover costs for a well-established and long-term regulatory program, such as energy procurement costs or another ongoing program. A memorandum account, customarily, is less well established, for example, the scope of costs may be less-well known, or the certainty of the utility's right to recovery may be uncertain. Both types of accounts require a Commission decision when created and both require a reasonableness review and a Commission decision before the utility is entitled to permanently recover the costs recorded in those accounts.

1.1.2. Portfolio Allocation Balancing Account (PABA)

SDG&E's PABA was authorized by D.18-10-019, D.19-10-001, and D.20-05-006 to record the above-market costs and revenues that are associated with all generation resources, including SDG&E's utility-owned generation, that are eligible for costs recovery through Power Charge Indifference Adjustment (PCIA) rates. These costs are recorded separately in vintage subaccounts which include fuel, GHG costs, power purchase contract costs, and utility-owned generation revenue requirement.

1.1.3. Competition Transition Charge

The Competition Transition Charge (CTC) is an artifact of the restructure of the electric industry by *The Electric Utility Industry Restructuring Act* (Assembly Bill 1890) that made the generation of electricity a competitive market in California. The legislation became law on September 23, 1996. CTC began as a ratemaking device to recover investments in electric generation facilities that would otherwise be stranded as excess capacity by the transition to a competitive market.

1.1.4. Local Generation

Local Generation (LG) costs provide for the recovery of net costs associated with resources approved by the Commission for Cost Allocation Mechanism (CAM) treatment from all benefiting customers, including all bundled service, Direct Access (DA) and Community Choice Aggregation (CCA) customers.[3]

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[3] In D.13-03-029, the Commission authorized SDG&E to implement the LG rate component, which was designed to recover new generation costs for local reliability that are deemed to be subject to the CAM policy adopted in D.06-07-029 and D.11-05-005, as a per kilowatt-hour non-bypassable charge from all benefiting customers including all bundled service, DA and CCA customers. (Footnote 17, November Update testimony of Gwendolyn Morien.)

1.1.5. San Onofre Generating Station Unit 1 Offsite Spent Fuel Storage Costs

Southern California Edison Company (or Edison) is the majority owner of San Onofre Generating Station (SONGS) Unit 1 and SDG&E is a minority owner of the SONGS Generation Station, a three-unit nuclear power generating station. All three units are shut down, and no longer in service. By D.15-12-032 SDG&E was authorized to recover SONGS Unit 1 Offsite Spent Fuel Storage costs in the ERRA Forecast proceedings instead of its cyclical general rate case. This matches the ratemaking treatment used by Edison.

1.1.6. Tree Mortality Non-Bypassable Charge

The Tree Mortality Non-Bypassable Charge (TMNBC) was authorized by D.18-12-003. The costs of this program are held by ruling to be confidential. The costs of this program are recovered elsewhere through the public purpose programs charge.

1.1.7. GHG Allowance Revenues and Costs

GHG allowance revenues are recorded in SDG&E's GHGRBA; expenses are recorded in the GHGCOEMA; and expenses are recorded in the GHGACMA. Ordering Paragraph (OP) 11 of D.14-10-033 requires SDG&E to provide a fourth quarter update presenting its 2021 GHG Allowance Revenue and Expense Reconciliation. This consists of updating the 2021 recorded amounts to determine the December 31, 2021 true-up balances for the GHGRBA, GHGCOEMA and GHGACMA.[4]

[4] November Update testimony of Coreen G. Salcido at 8.

1.2. SDG&E's Request in the ERRA Forecast

SDG&E seeks authority to collect in rates beginning on January 1, 2022 its 2022 forecast of: (1) the ERRA revenue requirement, which includes GHG costs; (2) the PABA revenue requirement; (3) the CTC revenue requirement tracked in the Transition Cost Balancing Account; (4) the LG revenue requirement tracked in the Local Generating Balancing Account (LGBA); (5) the SONGS Unit 1 Offsite Spent Fuel Storage Cost revenue requirement tracked in SDG&E's Nuclear Decommissioning Adjustment Mechanism account; (6) the TMNBC revenue requirement; and (7) the GHG allowance revenues and return allocations. SDG&E also requests authority to return the sum of the 2018 and 2019 over-collected balance recorded to the LGBA. SDG&E also requests approval for its proposed 2022: (1) GHG Allowance Return rates; (2) vintage PCIA rates; and (3) rate components for the Green Tariff Shared Renewables (GTSR) Program. Lastly, SDG&E requests authority to allocate 2022 bundled commodity revenues using the System Average Percent Change methodology.

1.3. 2021 November Update

As permitted by the ERRA process SDG&E filed its 2021 November Update as allowed by ruling on November 8, 2021. Table 1 below summarizes the original application's request and the new figures sought in the 2021 November Update. The November Update has traditionally served to update testimony regarding the CTC Market Price Benchmark (MPB) and the PCIA benchmarks. Other updates to the ERRA testimony were made by SDG&E because six months have passed since the Application was filed, and various input assumptions have changed, including with respect to gas, electric and GHG forward price curves; the sales forecast (which is based on the sales forecast in SDG&E's separately pending 2022 Sales Forecast Application, A.21-08-010);

and Power Purchase Agreement contract terms and projected operations. These updates result in proposed changes to the forecasts for: ERRA; PABA; CAPBA;[5] PCIA; CTC; and LG expenses; as well as GHG quantities and expenses. By ruling of the Presiding Officer, SDG&E was allowed to also include the rate effects of A.21-05-006, the 2021 ERRA Trigger. By including these rate effects, SDG&E will avoid a subsequent adjustment to rates in early 2022. (*See* Table 1 that compares the Application request to the November Update.)

SDG&E made several additional updates based on Commission decisions that required certain updates to be included in the 2021 November Update, as well as other relevant information that is now available. In D.18-10-019 and D.19-10-001, the Commission directed the electric utilities to use vintage-billing determinants to calculate PCIA rates; calculate true-ups based on the updated MPB, which is provided by the Commission's Energy Division, for PABA costs; and to include in the November Update any under or over-collected balance associated with PABA.

As required by Commission decisions in A.13-08-002, annual GHG forecast applications (now incorporated into the 2022 ERRA Forecast filings) include a reconciliation of prior years. These prior years are unaffected by changes to the MPB, but volumetric changes to SDG&E's 2020 GHG emissions, as well as changes to current year emissions, purchases and sales, led SDG&E to propose modifications to the 2020-2021 GHG data. Final verification of annual emissions took place in August of the following year. Therefore 2020 emission volumes

[5] The CAPBA is the acronym of the Balancing Account for the Power Charge Indifference Adjustment.

only became final in August 2021 and both the 2020 volumes and costs have changed since the Application was filed.[6]

D.21-05-030 removed the PCIA cap and trigger mechanisms effective May 24, 2021. In that decision SDG&E was required to leave its 2021 capped PCIA rates and rate adders in effect through 2021 and implement the removal of the PCIA cap in rates effective January 1, 2022.[7] D.21-05-030 also ordered SDG&E to address its projected 2021 CAPBA year-end balance in this, its 2022 ERRA Forecast application.[8]

The testimony served with the 2021 November Update also includes SDG&E's discussion and justifications for numerous other factual updates and the impact of various regulatory actions. These items are received into the record and as with all other parts of the record are discussed elsewhere in this decision only as necessary to explain any ratemaking actions taken in this decision.

1.4. 2021 ERRA Trigger Rate Impacts

A standard component of the ERRA process is a Trigger filing which in simple terms requires the electric utility to file an application whenever the outstanding balance in the ERRA Balancing Account is likely to exceed a set threshold. By promptly addressing the balance and cause, the Commission may be able to avoid a "rate shock" later when the rates are reviewed the ERRA Forecast proceeding.

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[6] SDG&E November Update at 2-3.

[7] D.21-05-030 at OP 1.

[8] D.21-05-030 at 8 and OP 1.

In 2021 SDG&E met its threshold requirements and filed a Trigger application, A.21-05-006 (ERRA Trigger). That proceeding is still pending. However, SDG&E and the active interested parties in the 2021 ERRA Trigger proposed that the rate impacts alone from the 2021 ERRA Trigger should be rolled into this proceeding. The rate adjustments adopted here would be comprised of the rate effects of the original 2022 ERRA Forecast filing in A.21-04-010, the 2021 November Update, and the rate effects of the 2021 ERRA Trigger. A ruling was issued on November 12, 2021, which authorized SDG&E to serve one exhibit from the 2021 ERRA Trigger in this proceeding, update one exhibit already served as a part of the November Update, and finally make a limited supplemental filing to the November Update to include the rate effects of the 2021 ERRA Trigger. These exhibits were received by Ruling into the record for this proceeding. Consistent with that ruling, anything else proposed by SDG&E's witness that addresses something other than the 2021 ERRA Balancing Account's outstanding balance is disregarded herein. All other regulatory review of the issues raised by the applicant or intervenors in the 2021 ERRA Trigger remains pending within that proceeding. A decision in A.21-05-006 can address any necessary rate changes that may still occur in that proceeding. Any adjustment could, for example, be carried forward to the next ERRA forecast application for subsequent amortization rather than require a further change in rates by another advice letter filing. The Joint CCAs and SDG&E support including the 2021 Trigger impact on rates in this decision.

Table 1
2022 Revenue Requirement Forecast

	Revenue Requirement	**2022 ERRA Forecast**	**November 2021 Update**	**Update Plus 2021 Trigger**

1	Electric Resource Recovery Account (ERRA)	$495,9021,000	$786,955,000	$786,955,000
2	Portfolio Allocation Balancing Account (PABA)	$341,708,000	$181,940,000	$181,940,000
3	Competition Transition Charge (CTC)	$11,696,000	$9,577,000	$9,577,000
4	Local Generation (LG)	$143,125,000	$146,842,000	$146,842,000
5	SONGS Unit 1 Offsite Spent Fuel Storage	$1,108,000	$1,188,000	$1,188,000
6	Tree Mortality Non-Bypassable Charge	Confidential[9]	Confidential[10]	Confidential
7	GHG Allowance Revenue and Costs – Revenue Return Allowances (See Table 2.)	$0 Small Business $(111,160,000)[11] Residential	$0 $(190,908,000)	$0 $(190,908,000)
8	PABA Balance	$(159,590,000)	$(111,698,000)	$(111,698,000)
9	LGBA 2018 Balance	$(91,084,000)	$(91,084,000)	$(91,084,000)
10	LGBA 2019 Balance	$(888,000)	$(888,000)	$(888,000)
11	2021 Power Charge Indifference Adjustment Balancing Account (CAPBA)	$0	$(17,988,000)	$(17,988,000)
12	2021 ERRA Balance from the ERRA Trigger A.21-05-006	N/A	N/A	$149,948,000
	Total 2022 ERRA Revenue Requirement	**$630,816,000**	**$713,936,000**	**$863,884,000**

[9] Confidential Testimony of Coreen Salcido, (Original filing.)

[10] Confidential Testimony of Coreen Salcido, (November Update filing.)

[11] Brackets ( ) Denote Refunds Which Reduce Total 2022 Revenue Requirement.

This application also addressed SDG&E's 2022 forecast for GHG Allocated Allowance Auction Proceeds, programmatic expenditures and customer returns. (See, the Revised November Update, the updated Attachment G.) This information is summarized in Table 2, below, and is presented here for clarity in compliance and oversight.

Table 2 2022 Adopted Green House Gas Allocated Allowance Auction Proceeds	
Clean Energy or Energy Efficient Programs	
Solar Multifamily Affordable House (SOMHA) Program Year 2022	$(19,440,352)
SOMAH Year 2020 True-up	$209,026
Disadvantaged Communities-Single Family Affordable Solar Homes Program (DAC-SASH) Program Year 2022	$(1,030,000)
Customers Returns	
Emission-Intensive and Trade Exposed (EITE)/CA Industry Assistance[12]	$(389,295)
Semi-Annual California Climate Credit (Amount per credit)	$(64.17)
Eligible California Climate Credit Customers	1,487,583
Total California Climate Credit ($64.17 x 2 x 1,487,583.) Table 1, Line 7.[13]	$(190,908,370)

[12] *See* D.14-12-037 for the implementation of this program.

[13] Table 1 has numbers rounded to the thousand. Table 2 and Ordering Paragraph 1(g) are not rounded off.

1.5. Procedural Background

On April 15, 2021, SDG&E filed for approval of its 2022 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts. SDG&E filed an amended application on May 10, 2021. By Resolution ALJ 176-3485 adopted on May 6, 2021, the Commission preliminarily determined that this proceeding was ratesetting and that hearings were necessary. Timely protests were filed by interested parties. A duly noticed prehearing conference was held telephonically on June 1, 2021. After completion of discovery and the service of testimony, the parties determined they did not require evidentiary hearings for cross examination of witnesses. Parties stipulated to the receipt of testimony and by ruling the testimony of SDG&E's witnesses and the intervenors was received into the record. Additionally, in a several other rulings, certain SDG&E exhibits were received under seal and SDG&E was allowed to submit supplemental testimony and it was received into the record.

SDG&E filed the required 2021 November Update[14] on November 8, 2021. Interested parties were allowed to file in response. By ruling the testimony served with the 2021 November Update was received into evidence. These exhibits are in the format of a "redline" addition or deletion to the original testimony served with the application and subsequently received by ruling into the record. Finally, by ruling, SDG&E was allowed to introduce and have received into evidence data from the 2021 ERRA Trigger to allow the rate effects

[14] A standard component of the annual ERRA Forecast application is for the applicant to file a comprehensive update of the ERRA Forecast data as well as other corrections to the application. This is commonly referred to as the November Update. Its purpose is to ensure the final decision has the most current information for a more reliable forecast to adopt a rate change beginning on January 1. Parties are allowed to file Responses and Replies on the contents of the November Update.

of that application be recovered concurrently with the other costs already included in this proceeding.

There are only four active parties to this proceeding: the applicant, SDG&E; San Diego Community Power and Clean Energy Alliance (collectively, CCA Parties); and Public Advocates Office at the California Public Utilities Commission (Public Advocates Office).

The parties conducted discovery and subsequently agreed with SDG&E that evidentiary hearings were not necessary, and the parties subsequently filed opening and closing briefs on the issues as identified prior to the 2021 November Update filing, an integral part of this proceeding. Opening Briefs to the application were filed by only SDG&E in support of its application, as amended in its initial testimony, and by the CCA Parties, both of whom filed Reply Briefs, as well as Public Advocates Office that only filed a Reply Brief.

As authorized by a ruling, the CCA Parties filed a timely joint Response on November 19, 2021 and raised several issues which are discussed below in Section 2. SDG&E filed a timely reply on November 24, 2021.

Accordingly, the record of this proceeding consists of all testimony as admitted by ruling, and all other filings admitted into the record.

2. Issues Before the Commission

SDG&E asked for approval of a net total 2022 ERRA Forecast revenue requirement of $630,816,000, subsequently amended by the 2021 November Update to $713,936,000. The request was modified again by the inclusion of the rate impacts from SDG&E's separately pending 2021 ERRA Trigger Application, A.21-05-006. This resulted in a final request of $863,884,000.

The scope of this proceeding was identified in the July 15, 2021 Scoping Memo and Ruling of the Assigned Commissioner to adopt just and reasonable rates effective January 1, 2022, after adjudicating the disputed issues. (*See* Section 1.2 above for the summary of issues.) The only modification to that scope was the addition of the Trigger Application rate impacts as allowed by a November 12, 2021 Ruling.[15]

2.1. Amortization of the GTSR Balancing Account

SDG&E currently has a Green Tariff/Shared Renewables (GTSR) Program which, simply put, allows full-service customers to opt in to a program where SDG&E procures additional green resources compared to SDG&E's otherwise available energy portfolio. The GTSR Program procures additional Renewables Portfolio Standard-Eligible (RPS-Eligible) resources to serve participating customers. There is a rate "adder" that reflects the cost of these additional resources when added to the otherwise applicable rate a customer would pay for bundled service. SDG&E's GTSR Program is referred to as "EcoChoice."

The CCA Parties objected to a late change proposed by SDG&E in the 2021 November Update, to amortize the outstanding balances for 2018 and 2019 in SDG&E's GTSR Balancing Account over a 21-month period beginning April 1, 2022.[16] The CCA Parties are concerned because there is a real possibility that SDG&E may request permission to suspend the program.[17] CCA Parties argue that such a change would distort the recovery of costs and would violate

[15] This proceeding is notable for the tight schedule. The addition of the 2021 ERRA Trigger rate impacts exclude any other issues as noted in the Procedural Background in Section 1.5. By including these rate impacts ratepayers will see only one rate adjustment rather than a second adjustment when A.21-05-006 is resolved.

[16] *See* Ex. SDG&E-28 at 7-8.

[17] CCA Parties Response at 3-4 citing to Ex. SDG&E-28 at 16-17.

Pub. Util. Code § 2833 which mandates that customers are held indifferent to whether they participate in the GTSR Program, or are a full-service bundled utility customer, served by a DA service provider, or served by a CCA. We agree with the CCA Parties that both the indifference standard and the lateness of the proposal in the November Update justify denying SDG&E's proposal.

2.2. Dalton Testimony from the 2021 Trigger Application

The CCA Parties are concerned that this decision should be clear that while some of the testimony admitted into this proceeding from the ERRA Trigger was necessary to provide an evidentiary basis for addressing the rate impacts here, that testimony also touches on other matters. We reiterate here that anything in the testimony beyond that which supports the ERRA Trigger's rate impacts is disregarded. Time constraints precluded any effort for a line-by-line strike through of the testimony from A.21-05-006 and any necessary interpretations should be construed against SDG&E and in favor of the intervenors in limiting this testimony's relevance herein.

SDG&E and the CCA Parties have jointly resolved this issue.

2.3. 2022 Sales Forecast

The 2022 Sales Forecast has been a fraught issue for the entire proceeding. SDG&E filed before a 2022 Sales forecast could be adopted by the Commission and SDG&E only filed a separate proceeding, A.21-08-010, in August of this year so that there is no Commission-adopted 2022 Sales forecast for use here. As discussed in Section 3, SDG&E also made a material error in using the wrong billed revenue forecast, that impacted the projected 2021 PABA Year End balance, when it filed this application. That error was first brought before the Commission when both SDG&E and the CCA Parties revealed the error in the Opening Briefs to this proceeding. That error made it harder for the parties to adequately review this application. Consequently, a Ruling dated October 21, 2022, allowed SDG&E to use the sales forecast proposed, but not yet litigated or adopted, as filed in the 2022 Sales Forecast, A.21-08-010. At that time SDG&E asserted this 2022 Sales Forecast was "based on the California Energy Commission's [CEC] 2020 California Energy Demand forecast for SDG&E."[18] The CCA Parties are concerned that the forecast used by SDG&E in the November Update cited instead to a "sales forecast developed internally by SDG&E" and did not reference the CEC. After discovery, the CCA Parties asserted that they have resolved any concerns and are satisfied with the 2022 Sales Forecast as filed and used in SDG&E's November Update testimony. They reasserted that their earlier proposal for consolidating the annual ERRA Sales Forecast with annual ERRA Forecast had much merit. We now agree and we will direct SDG&E to ensure that it makes every effort to have the annual ERRA Sales Forecast and annual ERRA Forecast filed as nearly simultaneously as possible and the Commission next year will make a timely ruling on the merits of consolidation.

[18] Quoting the October 21, 2021 Ruling as cited in the SDG&E November Update Testimony, (edited for a typographical error).

2.4. Morgan Stanley Nevada-Oregon Border Contract

The CCA Parties pursued discovery concerning SDG&E's purchase power agreement with Morgan Stanley for firm energy deliveries at the Nevada-Oregon Border. The CCA Parties' witness proposed in testimony that the Energy Values of the Morgan Stanley agreement should be included in SDG&E's Indifference Amount.[19] SDG&E agreed in its rebuttal testimony to make this adjustment.[20]

SDG&E and the CCA Parties have jointly resolved this issue.

2.5. Resource Adequacy Component of the GTSR Rate

The CCA Parties initially raised a concern that SDG&E needed to update the calculation of certain GTSR Program rate components to properly derive the Resource Adequacy Charge which is embedded in the Renewable Energy Value Adjustment. SDG&E agreed to the adjustment, and it was reflected in the 2021 November Update as verified by the CCA Parties.[21]

SDG&E and the CCA Parties have jointly resolved this issue.

2.6. Workpaper Pivot Tables

The CCA Parties witness identified certain errors in SDG&E's Pivot Workpapers.[22] SDG&E acknowledged the errors which amounted to $1.5 million in the Indifference Amount and the CCA Parties confirmed this correction in the 2021 November Update.

SDG&E and the CCA Parties have jointly resolved this issue.

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[19] This undisputed issue is not fully described for the sake of brevity. The issue is noted in the decision to reflect that the parties had and resolved a dispute to their mutual satisfaction.

[20] The CCA Parties were initially concerned whether the agreement was correctly reflected in the 2021 November Update and they conducted discovery into the matter.

[21] Again, brevity suffices to simply note a disputed issue was resolved.

[22] *See* footnotes 16 and 17.

3. SDG&E's Material Application Error – Extended Use of the Wrong Revenue Forecast

A significant amount of time was spent by parties on discovery disputes relate to the PABA balance and the underlying prior year workpapers for the PCIA revenue requirements and rates.[23] At the time, relying on the facts and arguments presented by the parties in a Motion to Compel and SDG&E's replies, the motion was denied. When SDG&E belatedly acknowledged an error, the use of entirely the wrong revenue forecast for much of the duration of the proceeding, it became apparent that the Presiding Officer was misled by SDG&E's arguments of whether previously adopted rates' workpapers were relevant when looking at proposals to adopt the next year's rates.[24] This error was disclosed in an email dated September 16, 2021, and was not reported to the Commission before Opening Briefs were filed. Clearly here the prior workpapers may have been relevant in that the CCA Parties may have discovered SDG&E's forecast error sooner, and perhaps even other errors in the application. As a result, we specifically modify and expand the Master Data Request for ERRA proceedings to include these workpapers for all future SDG&E ERRA Forecast applications and SDG&E's other ERRA-related

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[23] "CCA Parties cannot fully analyze SDG&E's year-end Portfolio Allocation Balancing Account ("PABA") balance unless they have access to the data supporting currently effective Power Charge Indifference Adjustment ("PCIA") rates . . . the year-end PABA balance is typically a significant portion of the PCIA revenue requirement and, therefore, of particular importance to entities like SDCP and CEA." (Joint CCAs Opening Brief at 2.)

[24] "SDG&E has discovered an error with respect to the Portfolio Allocation Balancing Account (PABA) revenue requirement forecast set forth in the 2021 ERRA Forecast Application (A.21-04-010). Specifically, SDG&E has discovered an error in its billed revenue forecast that impacted the projected 2021 PABA Year End balance set forth in the Application. The forecast model used in the Application inadvertently used the 2020 authorized ERRA Revenue Forecast instead of the 2021 ERRA Revenue Forecast. This resulted in an overstatement of forecasted billed revenue." Joint CCAs Opening Brief, Attachment A, an email exchange between SDG&E and counsel for the Joint CCAs.

applications. This may be an issue for the other two utilities, Pacific Gas and Electric Company and Southern California Edison Company, but they are not applicants or parties here and this order is only applicable to SDG&E.

We still allow SDG&E to require the interested parties to sign and comply with an appropriate Non-Disclosure Agreement to protect SDG&E's market sensitive data from falling into the hands of the operational side of any intervenor's business enterprise. Intervenors must be able to demonstrate a strong firewall between any personnel or consultants working on the ERRA applications and who have access to market sensitive data and any personnel or consultants on the business side of the intervenors' activities. Regardless of this error, SDG&E is fully entitled to reasonable and appropriate confidentiality of any genuinely market-sensitive data.

SDG&E was remarkably lax in informing the Commission of its accidental use of the wrong forecast and we are disturbed that SDG&E's management practices and internal controls over its application process clearly failed to detect this error before filing this application. We have no reason to believe and do not intend to imply that there was any deliberate misconduct by SDG&E. This error was, nevertheless, unacceptable in our view. We find a mistake of this magnitude to be material and therefore we order that in all subsequent ERRA proceedings SDG&E's Chief Regulatory Officer, or successor executive position, must serve testimony that describes and justifies that officer's implementation, use and active oversight, of an effective internal control and review process, exercised by all the responsible officers and managers, over the preparation of a rate application and its supporting testimony so that there is little likelihood of a material error in in subsequent ERRA-related applications and for management to ensure that future filings are competent, complete, and accurate. It is beyond the scope of this proceeding to impose this requirement on all other SDG&E applications; however, we would expect that this enhanced executive oversight of quality control for ERRA will also be reflected in all other SDG&E applications.

4. Public Advocates Office Reply Brief

The Public Advocates Office raised only one matter in its brief: the perceived need for consolidation of the ERRA Forecast Applications and the ERRA Sales Forecast Applications in the future. The Presiding Officer sparked a discussion of the issue at the Prehearing Conference, and there were subsequent motions for consolidation. The issue was not included in the scoping memo for this proceeding and the motions to consolidate were not granted. As discussed below, the possible need for consolidation in future ERRA proceedings has been justified if only because of the confusion in this proceeding when the necessary application for the Sales Forecast was significantly delayed. The parties have also argued that many of the same technical and legal experts participate in both proceedings and must coordinate and plan their time and effort accordingly. We find this second argument persuasive considering the very rigid statutory strictures on the ERRA proceedings, and we will consider consolidation in future cycles as appropriate at the time.

5. Comments on Proposed Decision

The proposed decision of Administrative Law Judge (ALJ) Douglas M. Long in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. As noted in the scoping memo, so that rates can be adopted for January 1, 2022, the parties agreed to reduce the time to file comments in order to issue a timely proposed decision and allow the

Commission an opportunity to adopt a timely decision in this proceeding. Comments were due on December 8, 2021 and replies were due on December 10, 2021. Comments were filed on December 8, 2021, by SDG&E and jointly by San Diego Community Power and Clean Energy Alliance. Reply comments were filed on December 10, 2021, by San Diego Community Power and Clean Energy Alliance.

The Joint CCAs pointed out several inaccuracies and the decision has been corrected appropriately in the discussion, Findings of Fact, Conclusions of Law, and Ordering paragraphs.

SDG&E in its comments recommended greater specificity in the ordering paragraphs to define the adopted amounts, by category, and to add ordering paragraphs for other specific rate details. These additional disclosures have been made. SDG&E identified an inadequate description in the Proposed Decision of the error SDG&E made in the PABA revenue requirement forecast used for the application. That inadequate description has been corrected in this decision. The error only highlighted to difficulties for parties to review this application when there is great complexity, a tight schedule, and an unavoidable delay in the 2022 sales forecast.

SDG&E objected to the proposed decision's requirement to submit testimony in future proceedings on the quality control and management oversight of SDG&E's preparation of its ERRA application. The short procedural time, and need for accurate data, highlight the need for Parties to have confidence in SDG&E's filing. SDG&E no doubt already has an existing quality control and oversight process in place for preparing and filing new applications and this additional requirement is not intended as a punishment but as one more step to improving the confidence the Commission and the interested parties can have in the accuracy and completeness of SDG&E's next ERRA application.

SDG&E also asked that if the late proposal to extend the amortization period of the GTSR Balancing Account was not granted it asked for a delay to notify customers. Customers were notified of this application, which included the GTSR Balancing Account, and we need not make this change. The Joint CCAs' Comments supported the proposed decision's treatment of this issue.

6. Assignment of Proceeding

Martha Guzman Aceves is the assigned Commissioner and Douglas M. Long is the Presiding Officer. Douglas M. Long and Elaine Lau are the assigned ALJs in this proceeding.

Findings of Fact

1. After completing discovery, the parties determined they did not need evidentiary hearings.
2. The record for this proceeding consists of the filings and testimony received into the record.
3. The record was expanded to include the rate impacts of SDG&E's 2021 ERRA Trigger Application, A.21-05-006.
4. The record was expanded to use the Sales Forecast as proposed in the 2022 Sales Forecast Application, A.21-08-010.
5. SDG&E's initial application included a material error and initially relied on an entirely incorrect and inappropriate sales forecast.
6. The prior year's workpapers for the PCIA are not currently in the master data request for the ERRA forecast proceedings.
7. The PABA revenue requirement forecast error was only corrected late in the proceeding.

8. Future filings by SDG&E for the ERRA will be more likely to be correct and complete by requiring SDG&E's Chief Regulatory Officer, or successor executive position, to serve testimony that describes and justifies that officer's implementation, use and oversight of an effective internal control and review process, exercised by the responsible officers and managers, over the preparation of the application and supporting testimony to ensure that there is little likelihood of a material error in subsequent ERRA-related applications. This will help to ensure that subsequent ERRA filings are competent, complete, and accurate.

9. SDG&E made a late proposal in the 2021 November Update to change the amortization period of the GTSRBA.

10. Changing the amortization period of the GTSRBA may adversely affect customers.

11. The parties to this proceeding have agreed to a shortened comment period on the proposed decision.

Conclusions of Law

1. SDG&E filed this application in compliance with the standard requirements for an ERRA Forecast proceeding as required by the Pub. Util. Code and prior decisions of the Commission.

2. There is a sufficient record for this proceeding which consists of the filed documents and testimony received into evidence.

3. The 2022 ERRA Forecast revenue requirement of $863,884,000 as adjusted herein is reasonable and should be adopted. It is based upon the reasonable application of the ratemaking methodologies and calculations, is in compliance with the applicable laws, Commission rules, and applicable Commission decisions and relies on the facts in evidence for this proceeding.

4. It is reasonable to affirm all rulings made in this proceeding by the Presiding Officer.

5. Including the prior year's workpapers for the PCIA in SDG&E's master data request for subsequent ERRA forecast proceedings is reasonable.

6. The Commission has the discretion to order SDG&E's Chief Regulatory Officer, or successor executive position, to serve testimony that describes and justifies that officer's implementation, use and oversight of an effective internal control and review process in all of SDG&E's subsequent ERRA filings.

7. It is reasonable to deny SDG&E's late proposal to change the amortization period of the GTSRBA.

8. Requiring comments on the proposed decision to be due December 8, 2021, with any reply comments due December 10, 2021, is necessary in order for rates to be implemented on January 1, 2022.

9. This proceeding should be closed.

O R D E R

IT IS ORDERED that:

1. San Diego Gas & Electric Company's (SDG&E) Total 2022 Electric Resource Recovery Account Forecast Revenue Requirement is $863,884,000. SDG&E shall file within 30 days of this decision's effective date the necessary Tier 1 Advice Letter to implement the rate changes adopted in this decision. Specifically, we adopt:

(a) the Electric Resource Recovery Account (ERRA) revenue requirement of $786,955,000;

(b) the Portfolio Allocation Balancing Account revenue requirement of $181,940,000;

(c) the Competition Transition Charge revenue requirement of $9,577,000;

(d) the Local Generation revenue requirement of $146,842,000;

(e) the San Onofre Generating Station Unit 1 Offsite Spent Fuel Storage revenue requirement of $1,188,000;

(f) the Confidential revenue requirement for the Tree Mortality Non-Bypassable Charge as identified in the Confidential Exhibit SDG&E—14C;

(g) the Green House Gas Allowance Revenue and Costs of $(190,908,370) for Small Business Customers and Residential Customers, and the Emission-Intensive and Trade Exposed (EITE)/CA Industry Assistance Return of $(389,295) for a total of $(191,297,665) for Small Business, Residential, and EITE Customers;

(h) the 2021 Portfolio Allocation Balancing Account year-end balance of $(111,698,000);

(i) the 2018 Local Generation Balancing Account Balance of $(91,084,000);

(j) the 2019 Local Generation Balancing Account Balance of $(888,000);

(k) the 2021 Power Charge Indifference Adjustment Balancing Account of $(17,988,000); and

(l) the 2021 ERRA Balance from the ERRA Trigger Application 21-05-006 of $149,948,000 which is to be transferred to the Portfolio Allocation Balancing Account.

2. San Diego Gas & Electric Company's 2022 Power Charge Indifference Adjustment rates as set forth in Exhibit SDG&E-019, Attachment E, are approved and adopted.

3. San Diego Gas & Electric Company's 2022 rate components for the Green Tariff Shared Renewables Program as set forth in Exhibit SDG&E-019, Attachment B, are approved and adopted.

4. San Diego Gas & Electric Company's 2022 Enhanced Community Renewables rate components as set forth in Exhibit SDG&E-019, Attachment C, are approved and adopted.

5. San Diego Gas & Electric Company's (SDG&E's) transfer of the 2021 the Power Charge Indifference Adjustment of $(20,383,000) to SDG&E's Portfolio Allocation Balancing Account is approved and adopted.

6. San Diego Gas & Electric Company's (SDG&E's) transfer of the 2021 year-end Energy Resource Recovery Account balance of $149,948,000 to SDG&E's Portfolio Allocation Balancing Account is approved and adopted.

7. San Diego Gas & Electric Company must use the System Average Percent Change methodology to allocate the 2022 commodity-related revenue requirements to its commodity rates.

8. The late proposal by San Diego Gas & Electric Company to change the amortization period of the Green Tariff/Shared Renewables Program Balancing Account is denied.

9. San Diego Gas & Electric Company shall include the prior year's workpapers for the approved Power Charge Indifference Adjustment's revenue requirements and rates in the master data request for its subsequent Electric Resource Recovery Account forecast applications.

10. San Diego Gas & Electric Company's (SDG&E) Chief Regulatory Officer, or successor executive position, shall serve testimony that describes and justifies that officer's implementation, use and oversight of an effective internal control

and review process in all of SDG&E's subsequent Electric Resource Recovery Account filings.

11. Application 21-04-010 is closed.

This order is effective today.

Dated December 16, 2021, at San Francisco, California.

MARYBEL BATJER
President
MARTHA GUZMAN ACEVES
CLIFFORD RECHTSCHAFFEN
GENEVIEVE SHIROMA
DARCIE HOUCK
Commissioners