Decision **PROPOSED DECISION OF ALJ DUGOWSON (Mailed 10/15/2026)**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U 902-E) for Approval of: (i) Contract Administration, Least-Cost Dispatch and Power Procurement Activities in 2023, (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account, Portfolio Allocation Balancing Account, Power Charge Indifference Adjustment Undercollection Balancing Account, Transition Cost Balancing Account, Local Generating Balancing Account, and Modified Cost Allocation Mechanism Balancing Account in 2023, and (iii) Costs Recorded in Related Regulatory Accounts in 2023.	Application 24-06-001 (Filed June 3, 2024)

DECISION AUTHORIZING SAN DIEGO GAS & ELECTRIC COMPANY TO RECOVER CERTAIN GREEN TARIFF AND SHARED RENEWABLES COSTS FROM FORMER PROGRAM PARTICIPANTS

Summary

This decision authorizes San Diego Gas & Electric Company (SDG&E) to recover the net total of $3,022,040 in costs recorded to its Green Tariff and Shared Renewables (GTSR) balancing account from former GTSR customers and denies SDG&E's request to recover the net total of $1,592,844 recorded to its GTSR

memorandum accounts. This decision finds that Senate Bill 43 (Wolk, 2014) limits SDG&E from recovering GTSR-related costs to former participants in GTSR or to its own shareholders. This proceeding is closed.

1. Background

1.1. Factual Background

Senate Bill (SB) 43 (Wolk, 2014) required the large Investor-Owned Utilities (IOUs) to implement the Green Tariff and Shared Renewables (GTSR) Programs, which offered customers to pay a small rate premium to receive service of 100% renewable energy. The key difference between the programs was the relationship between the customer and the renewable energy provider: for the Green Tariff programs, the utilities contracted with the renewable energy provider; under the Shared Renewables program, the customers would contract directly with the renewable energy provider. Of the two components of the GTSR program, San Diego Gas & Electric Company's (SDG&E's) Green Tariff program enrollment maxed out at approximately 45.5 Megawatt (MW) of its 59 MW cap, and the Shared Renewables program had zero enrollments. Residential enrollment in the Green Tariff program peaked at approximately 3,000 customers for a total of 5 MW, and non-residential enrollment peaked at approximately 1,000 customers, serving 41.5 MW of load.[1] Pursuant to direction provided by Commission Decision (D.) 15-01-051, on December 17, 2021, SDG&E filed Advice Letter 3920-E requesting to suspend the GTSR program which the Commission's Energy Division denied on April 19, 2022, instructing SDG&E to instead request suspension by filing an application. SDG&E's request was approved by the

[1] These enrollment numbers peaked at different times. Sources: SDG&E 2021 GTSR Progress Report (link) and SDG&E 2019 GTSR Progress Report (link).

Commission on August 25, 2022 and subsequently approved in Advice Letter 4074-E.

At the time SDG&E filed the instant application, SDG&E had approximately $4.59 million in unrecovered GTSR costs recorded to a combination of balancing and memo accounts.[2] This decision refers to those costs as the "stranded GTSR costs" because there are no longer any active GTSR customers from whom SDG&E can recover those costs.

1.2. Procedural Background

On June 3, 2024, SDG&E filed Application (A.) 24-06-001 seeking Commission review and approval of its contract administration, least-cost dispatch and power procurement activities in 2023 as well as certain costs related to those activities recorded within multiple memorandum and balancing accounts. On May 5, 2026, the Commission issued D.26-04-029 resolving all issues in the application except for questions related to cost recovery of the stranded GTSR costs.

On June 26, 2026, the assigned Commissioner issued an Amended Scoping Memo and Ruling (Amended Scoping Memo). This Amended Scoping Memo clarified that the sole remaining unresolved issue in the proceeding related to recovery of the stranded GTSR costs. The Amended Scoping Memo further directed SDG&E and authorized other parties to serve supplemental testimony, then authorized all parties to serve supplemental rebuttal testimony. It also included several questions related to cost recovery for the stranded GTSR costs,

[2] Approximately $3.00 million in procurement costs, ~$1.75 million in administrative costs, and a net refund of ~$0.16 million for marketing and outreach costs.

including "Are the outstanding administrative and outreach costs recorded in the GTSR memorandum accounts reasonable? Why?" to be addressed in parties' opening briefs, and reply briefs. On July 7, 2026, the assigned Administrative Law Judge (ALJ) issued a ruling amending the proceeding schedule.

On July 14, 2026, SDG&E timely served their supplemental testimony. On July 21, 2026, the assigned ALJ issued a ruling directing SDG&E to elaborate on certain elements of its supplemental testimony, which SDG&E then timely served on July 24, 2026. On July 28, 2026, SDG&E moved to enter their testimony into the record. On the same date, SDG&E, the Joint Community Choice Aggregators (CCAs), and Cal Advocates jointly filed their meet and confer report, in which no party requested an evidentiary hearing. Accordingly, no evidentiary hearing was scheduled.

On August 7, 2026, SDG&E and the Joint CCAs each timely filed and served opening briefs. On August 14, 2026, SDG&E and the Joint CCAs each timely filed and served reply briefs.

1.3. Submission Date

This matter was submitted on August 14, 2026 upon filing of reply briefs.

2. Issues Before the Commission

The issue before the Commission, as presented in the Amended Scoping Memo, is:

> Scoping Memo Issue #11: Whether the Commission should authorize SDG&E to recover the undercollected amounts in its Green Tariff Shared Renewables-related memorandum and balancing accounts, and if so, from whom those costs should be recovered.

SDG&E has requested to allocate its stranded GTSR costs to all its distribution customers (i.e., CCA and non-CCA alike) via the Public Purpose Program (PPP) charge[3].

The Joint CCAs argue that the costs should be allocated to former GTSR participants and/or SDG&E's shareholders.[4] The CCAs argue that (1) California Public Utilities Code Section 2833(q)[5] plainly prohibits recovering any GTSR costs from nonparticipants and (2) SDG&E was an imprudent manager of the GTSR program because (a) failed to adjust its GTSR rates despite known resource delays resulting in significant under collections in the GTSRBA and (b) SDG&E waited two years too long to request recovery of its GTSR costs.

The questions the Commission must resolve are thus:

1. Should the Commission authorize SDG&E to recover the stranded costs recorded in its GTSR balancing and memorandum accounts?
2. If yes, from which entities does Section 2833(q) permit SDG&E to recover its stranded costs? If yes, how should the stranded costs be apportioned among those eligible entities?

3. Overview of Stranded GTSR Costs

The stranded GTSR costs were incurred for different purposes and are recorded in four separate accounts. The accounts, their purposes, and nominal balances as of December 2024 are listed below:[6]

[3] CCA-01 at pdf page 104, SDG&E Opening Briefs at 10.

[4] CCA-01 at 32.

[5] All references to statute are to the California Public Utilities Code, unless otherwise noted.

[6] SDGE-12 (Public Version) at 3.

- Green Tariff Marketing Education & Outreach Memorandum Account (GTME&OMA). The GTME&OMA balance reflects the difference between the revenues collected through the Green Tariff ME&O Charge and the initial and ongoing incremental ME&O cost incurred to implement. Its balance is negative $161,276 (i.e., SDG&E over-collected costs for Green Tariff ME&O).
- Enhanced Community Renewables Marketing, Education & Outreach Memorandum Account (ECRME&OMA)). The ECRME&OMA balance reflects the same for the ECR program. Its balance is $3,387.
- Green Tariff Shared Renewables Administrative Cost Memorandum Account (GTSRACMA). The GTSRACMA balance reflects the initial and ongoing incremental administrative costs incurred to implement the GTSR programs. Its balance is $1,750,733.
- Green Tariff Shared Renewables Balancing Account (GTSRBA). The GTSRBA balance reflects the costs SDG&E incurred to procure eligible resources to match the usage from GTSR customers. Its balance is $3,022,040.

4. Entities from which Sections 2831(h) and 2833(q) Permits SDG&E to Recover Stranded GTSR Costs

Section 2833(q) states in relevant part that "charges and credits associated with a participating utility's green tariff shared renewables program are set in a manner that ensures nonparticipant ratepayer indifference for the remaining bundled service, direct access, and community choice aggregation customers and ensures that no costs are shifted from participating customers to nonparticipating ratepayers."

SDG&E argues that Section 2833(q) only applies to the setting of GTSR's rates while the program was active and had participating customers.[7] Now that the program has ended and there are no longer any active GTSR customers, the issue at hand is assigning stranded costs. SDG&E argues that the tasks of setting program rates and assigning responsibility for stranded costs are sufficiently distinct that Section 2833(q) does not prevent SDG&E from recovering stranded GTSR costs from all its customers through the Public Purchase Program (PPP) charge.[8]

The Joint CCAs disagree with SDG&E and argue that the plain language of Section 2833(q) prohibits SDG&E from recovering any GTSR costs from nonparticipants.[9] The Joint CCAs further note that Section 2831(h) states that the legislature's intent was for the "green tariff shared renewables program [to] be implemented in a manner that ensures nonparticipating ratepayer indifference."[10]

The Commission agrees with the Joint CCAs that Section 2831(h) and Section 2833(q), taken together, "form a decisive and unambiguous indifference mandate."[11] As such, former GTSR participants and SDG&E's shareholders are the only entities to whom statute permits SDG&E to assign the stranded GTSR costs. Therefore, the Commission must determine how to assign those costs.

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[7] SDG&E Opening Brief at 6.

[8] SDG&E Opening Brief at 6 to 7.

[9] Joint CCAs Opening Brief at 6 to 7.

[10] Joint CCAs Opening Brief at 6.

[11] Joint CCAs Opening Brief at 7.

5. GTSR Memorandum Accounts

This decision denies with prejudice SDG&E's request to recover from its customers the costs recorded to its GTSR memorandum accounts and refund the overcollection to former GTSR customers. In other words, SDG&E's shareholders must pay for these costs. SDG&E's GTSR tariffs plainly state that the balances in its GTME&OMA, ECRME&OMA, and GTSRACMA are subject to reasonableness review.[12] SDG&E did not provide any evidence to support such a finding. D.15-01-051 clearly directs SDG&E to provide the information necessary to conduct a reasonableness review when it applies for cost recovery.[13] SDG&E waited to request cost recovery for the GTSR-related memorandum account balances until this proceeding.[14] In response to the Amended Scoping Memo's question regarding the reasonableness of memorandum accounts, SDG&E argues the Commission previously found the costs recorded in the GTSRACMA and GTME&OMA reasonable and approved them for cost recovery in prior ERRA compliance decisions.[15] However, the Commission generally does not review memorandum account costs for reasonableness until cost recovery is requested and SDG&E has not previously sought rate recovery for these costs.[16] In the

[12] SDG&E Opening Brief at 11.

[13] D.15-01-051 at 113 to 114 states "when the IOU files an application to recover outstanding administrative and outreach costs, the proceeding will include a reasonableness review that examines the reasonableness of the administrative and outreach expenditures for the program as a whole. If the costs are found to unreasonable through this second review, then the shareholder backstop will apply."

[14] *See* SDG&E Response on November 8, 2024 to a data request from San Diego Community Power in CCA-01 at 112.

[15] SDG&E Opening Brief at 17.

[16] Joint CCA Opening Brief, Attachment B, Question 17f.

decisions cited by SDG&E, the Commission only found the costs recorded in the GTSR-related memorandum accounts were appropriate and accurately stated in compliance with Commission directives, as requested by SDG&E, but did not conduct a reasonableness review or grant rate recovery.[17]

SDG&E had ample notice and opportunity to provide the information necessary to support a reasonableness review but elected not to.[18] As stated above, the earlier ERRA decisions SDG&E cites do not support SDG&E's position that a reasonableness review has already occurred. SDG&E has the burden of proof to show its costs were reasonably incurred.[19] It did not meet that burden. As such, this decision denies with prejudice SDG&E's request to recover the costs recorded to its memorandum accounts from any of its customers.

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[17] In D.18-10-006, D.19-06-009, and D.20-12-036, SDG&E requested the Commission find that the recorded entries in the GTSR-related memo accounts (GTME&OMA, GTSRACMA, ECRME&OMA) were "appropriate and correctly stated in compliance with Commission directives."

D.20-12-036 at 16 states that "SDG&E's prepared testimony demonstrates the accuracy and reasonableness of SDG&E's 2018 ERRA, TCBA, LGBA, NERBA, IEMA, LCMA, GTME&OMA, GTSRACMA, ECRME&OMA and GTSRBA accounting entries." However, SDG&E did not request a reasonableness review nor cost recovery in A.19-05-007. D.22-05-006 and D.21-07-018 also did not make any specific findings related to reasonableness or cost recovery for the GTME&OMA, GTSRACMA, or the ECRME&OMA.

[18] The Amended Scoping Memo issued on June 6, 2026 clearly gave notice of this issue and directed parties to, among other things, address this specific question: "Are the outstanding administrative and outreach costs recorded in the GTSR memorandum accounts reasonable? Why?"

[19] *See,* for example, D.21-12-026 at 1 ("The Utilities bear the burden of proof to show the reasonableness of their requests by a preponderance of the evidence."), Resolution E-3619 at 43 ("In the reasonableness review, the burden of proof is upon the utility.") and D. 95-12-046 at 15, ("... the utility has the ultimate burden of proof in a reasonableness case, that burden is never shifted from the utility to the challenging parties, and that the utility must meet its burden with "clear and convincing evidence").

To be clear, the need for a reasonableness review before the Commission can authorize rate recovery applies to the GTSR memorandum accounts, as expressed in D.15-01-051, SDG&E's own tariffs, and consistent with traditional memorandum account ratemaking principles.

6. GTSR Balancing Accounts

This decision authorizes SDG&E to recover the costs in its balancing accounts from former GTSR participants.

Section 2833(q) puts both SDG&E's shareholders and former customers in a challenging position. SDG&E created the GTSR program because of a legislative mandate, procured resources for its GTSR programs in a manner compliant with statute and Commission direction, then saw program participation collapse as CCAs proliferated. The Joint CCAs' argument that SDG&E should have anticipated the steep decline in GTSR enrollment and taken more prompt action has some merit, but the Joint CCAs are incorrect to imply that the cost allocation challenges exist only because SDG&E was slow to file for cost recovery. In 2020, the GTSR balances were materially similar to what they are now; had SDG&E sought to recover all those costs from active GTSR participants in 2020, those customers would have faced the sudden bill spikes similar to what we are dealing with today.[20] The former GTSR participants enrolled in a program created by the legislature to help advance the State's clean

[20] In 2019, the GTME&OMA, GTSRACMA, and GTSRBA balances were $0.017 million, $1.557 million, and $2.115 million, for a cumulative total of approximately $3.689 million in outstanding balances. While that amount is smaller than current total balance of $5.8 million, the number of active customers was also smaller. Regardless, the point stands that the cost allocation and bill impact process would not have been as straightforward as the Joint CCAS imply. *See* CCA-01 at pdf pages 106 to 108.

energy goals; those customers had no reason to suspect that opting into the program put them at risk of receiving a sudden, lump-sum bill nearly a decade after they unenrolled. Nonetheless, Section 2833(q) not only permits this outcome but prohibits alternatives.

The Joint CCAs also argue that SDG&E acted imprudently by failing to adjust program rates in response to delays in the GTSR dedicated-resources coming online.[21] SDG&E disagrees, arguing that the fact that the first contracted project was delayed was not reasonable cause to expect that the second project would also be delayed; SDG&E also points out that there were multiple compounding reasons for the delays, including permitting hurdles outside of SDG&E's control and the Covid pandemic.[22] This decision agrees with SDG&E's reasoning. Furthermore, even if SDG&E had set GTSR rates more conservatively, as the Joint CCAs argue they should have, there could still have been a significant undercollection from 2019 (albeit smaller than what it is now).[23]

Ultimately, neither SDG&E's shareholders nor former GTSR participants share responsibility for these costs being stranded: SDG&E created the program and proposed the rates, and the GTSR participants enrolled in a program with a strict, non-expiring prohibition against cost-shifting. SDG&E incurred costs on

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[21] Joint CCAs Opening Brief at 8 to 10.

[22] SDGE-12 at 9, SDG&E Reply Brief at 2 to 4.

[23] The GTSRBA balance increased from $2,144,557 to $3,532,793 from 2019 to 2020. This represents an increase of $1,388,236 year over year; this is a significant number, but it is infeasible to guess what would have been the "correct" GTSR rate for 2020, how that number would have affected collections rates, and whether that number would have caused customers to unenroll from the program due to rate increases (which would have exacerbated undercollections). *See* CCA-01 at pdf pages 106 to 108.

behalf of those participants and then due to factors beyond the control of the participants or the utility (i.e., the proliferation of CCAs)[24], the program's participation fell dramatically and was eventually closed. Importantly, the Commission authorized SDG&E to track GTSR procurement costs in the GTSRBA, and previously approved SDG&E to pursue recovery of these costs in rates before the program was suspended.[25] As discussed above, the evidence neither demonstrates that SDG&E imprudently managed the GTSR program nor that SDG&E unreasonably delayed seeking cost recovery for the balancing account costs. The GTSR program faced multiple, uncorrelated challenges (i.e., resource delays, the Covid pandemic, CCA proliferation) that, even with the benefit of hindsight, may not have been fully mitigable. Accordingly, this decision authorizes SDG&E to recover those costs, and statute only permits SDG&E to recover those costs from former GTSR participants.

7. Allocating Costs Among Former GTSR Participants

This decision requires SDG&E to:

1. Allocate costs among former participants in proportion to the amount of energy they purchased from the program,
2. Cap the maximum costs SDG&E will recover from a residential account at one standard deviation away from the mean of the distribution of the costs that SDG&E would allocate to each former residential participant

[24] SDGE-12 at 4.

[25] For example, *see* D.22-05-006 resolving SDG&E's 2020 ERRA compliance application at 9; D.21-07-018 resolving SDG&E's 2019 ERRA compliance application OP 12, and D.20-12-036 resolving SDG&E's 2019 ERRA compliance application OP 3.

if the allocation were proportionate to the customer's energy consumption while enrolled in the program,[26]

3. Recover those costs over a five year period, and
4. Propose a communications plan to inform customers of the costs, recovery period, and payment options.

Within sixty days of the issuance of this decision, SDG&E shall file a Tier 2 advice letter requesting authority to place these costs into rates. That advice letter shall specify the number of residential customers SDG&E requests to recover costs from, the number of commercial and industrial customers SDG&E requests to recover costs from, and for both residential and commercial and industrial customers, provide the total cost values that SDG&E will recover from customers that are found within the 10th, 20th, 30th, through 100th percentile of energy consumption of former participants while they were enrolled in the program and the absolute impact on monthly bills over the 60-month recovery period. The advice letter shall indicate whether SDG&E intends to recover those costs from all former GTSR participants, and if not, explain and justify that decision. (For example, if SDG&E claims that some portion of former participants are unreachable, and that information differs from the record in this proceeding, SDG&E shall explain how it made that determination and the amount of costs that decision shifts onto other customers).

As described in the previous section, this decision authorizes SDG&E to recover the costs recorded to the GTSR balancing account from former GTSR customers. The Second Amended Scoping Memo discusses two approaches to

[26] The ultimate cap amount, but not its methodology, on residential cost allocation will depend on the Commission's review and approval of SDG&E's Tier 2 advice letter.

allocating these costs: first, recovering an equal amount from every former participant regardless of how long they participated in the program; second, recovering costs from customers in proportion to the total amount of energy they used while enrolled in the program. SDG&E, in their supplemental testimony and in response to Commission questions, estimated the bill impacts of each of these approaches.

If SDG&E allocated all the outstanding GTSR costs evenly among former participants, the total costs SDG&E would recover from each customer would be at least $884.[27] If SDG&E allocated all the costs in proportion to the customers' GTSR purchases while enrolled in the program, the cost per customer would be no less than the statistics described below: [28]

Bill Impacts Based on Customer's Portion of GTSR Stranded Costs				
Customer Class	**Mean**	**Median**	**Lower Range**	**Upper Range**
Residential	$ 95.66	$ 69.38	$ -	$ 1,424.17
Small Commercial	$ 349.73	$ 153.01	$ -	$ 12,310.51
Medium/Large C&I	$ 12,439.97	$ 1,425.64	$ -	$ 1,428,131.93
Agriculture				
Lighting				

This decision requires SDG&E to allocate the balancing account costs in proportion to former customers' energy usage while enrolled in the programs

[27] SDGE-13 at 2. The actual cost per customer may be higher because this number presumes costs are recovered from all former GTSR participants regardless of whether they still have an active account with SDG&E. These figures represent the entire cost SDG&E would recover from a customer (i.e., these figures are not monthly or annual bill impacts, but instead the costs a customer would face if all the costs were recovered in a single bill).

[28] SDGE-13 at 3. The actual cost per customer may be higher because this number presumes costs are recovered from all former GTSR participants regardless of whether they still have an active account with SDG&E.

because that approach most closely mirrors how GTSR costs were apportioned when customers were enrolled – that is, costs scale proportionately to usage.

SDG&E argues that allocating the stranded GTSR costs to former participants could result in an unanticipated, burdensome spike in bills.[29] This decision agrees that the approach carries the risk of a sudden bill spike that could be harmful or financially destabilizing, particularly for residential customers. The Commission can mitigate the impacts to residential customers by setting a maximum amount that SDG&E can recover from residential customers, and can mitigate the impacts to all customers by requiring SDG&E to offer customers a multi-year payment plan.

Accordingly, SDG&E shall by default recover these costs over a five-year period and provide customers with the opportunity to recover the costs over a ten-year period at the customer's request. The Commission understands that SDG&E will incur additional costs to finance a multi-year recovery period. Accordingly, this decision authorizes SDG&E to use the same Tier 2 Advice Letter described above to justify its anticipated financing costs and request authority to recover those costs from former participants. Additionally, SDG&E's Tier 2 Advice Letter shall set a maximum amount that it will recover from residential customers and reallocate the remaining costs among non-residential customers. SDG&E shall cap the maximum costs SDG&E will recover from a residential account at one standard deviation away from the mean of the distribution of the costs that SDG&E would allocate to each former residential

[29] SDGE-12 at 7, SDG&E Reply Briefs at 8 to 9.

participant if the allocation were proportionate to the customer's energy consumption while enrolled in the program.

8. Summary of Public Comment

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(a) requires that all written public comment submitted prior to the submission of the proceeding are part of the administrative record of the proceeding. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

No members of the public filed comments.

9. Procedural Matters

Only July 28, 2026, SDG&E filed a motion to enter supplemental testimony into the record. This motion is granted. This decision affirms all rulings made by the Administrative Law Judge and assigned Commissioner in this proceeding. All motions not ruled on are deemed denied.

9.1. Identification and Receipt of Exhibits into the Evidentiary Record

This decision hereby marks, identifies, and receives into evidence Exhibit SDGE-13, the *Prepared Supplemental Testimony Regarding Undercollections in Green Tariff Shared Renewables Program Balancing and Memorandum Accounts on Behalf of SDG&E.* SDGE-13 was sponsored by multiple witnesses. The exhibits identified and received into evidence by D.26-04-029 remain part of the record for this proceeding and the instant decision.

10. Comments on Proposed Decision

The proposed decision of ALJ Andrew Dugowson 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. Comments were filed on November 4, 2026 by the Joint CCAs and SDG&E, and reply comments were filed on November 9, 2026 by the Joint CCAs and SDG&E.

The Joint CCAs requested that the Commission require SDG&E to provide details about how it will share information with customers from whom it will recover stranded GTSR costs. SDG&E's reply requests that, if the Commission adopts the Joint CCAs' recommendation, that the Commission require SDG&E to propose a communications plan to inform customers of the costs, recovery period, and payment options. This decision adopts the Joint CCAs' recommendation with SDG&E's clarification.

SDG&E argues the proposed decision erroneously concluded that statute prohibits SDG&E from recovering costs from nonparticipants. SDG&E's comments reiterated their arguments from earlier in the proceeding and are addressed in this decision.

SDG&E further argues that that the proposed decision erred by denying SDG&E's request to recover costs recorded to its GTSR memorandum accounts. First, SDG&E argues that the proposed decision conflicts with previous Commission decisions. As discussed in this decision, none of the Commission's previous decisions deemed the memorandum account balances reasonable or authorized SDG&E to recover the costs. Second, SDG&E argues that the proposed decision violated SDG&E's due process rights because the Commission

did not provide SDG&E with advance notice that it had failed to provide sufficient evidence to demonstrate reasonableness and the Commission did not specifically request certain information. SDG&E's argument does not hold. As discussed above, SDG&E had clear notice and opportunity to provide evidence and comment on this issue. SDG&E is an experienced practitioner in front of the Commission and is aware that it is the applicant's responsibility to demonstrate the reasonableness of its request for cost recovery. In this instance it failed to do so.

SDG&E requests clarification of the cost recovery implementation. First, SDG&E requests that the decision clarify that SDG&E should recover costs from customers in proportion to their electricity consumption from the GTSR program, not from their total electricity consumption. This decision adopts that recommendation. Second, SDG&E requests that the Commission authorize SDG&E to apply the entire balance owed by an inactive customer to the final bill of the inactive customer. This decision authorizes SDG&E to propose such an approach in their Tier 2 advice letter so long as SDG&E demonstrates that their proposal will not result in cost shifts prohibited by statute.

11. Assignment of Proceeding

Christine Harada is the assigned Commissioner and Andrew Dugowson is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. SDG&E has recorded $3,022,040 in costs to its GTSR balancing account and a net total of $1,592,844 to its GTSR memorandum accounts.
2. SDG&E has not previously sought rate recovery for the GTSR memorandum accounts.

3. In authorizing the GTSR memorandum accounts, the Commission stated in D.15-01-051 that when a utility files an application to recover outstanding administrative and marketing costs they would be subject to a reasonableness review that examines the reasonableness of the GTSR memorandum account costs for the program as a whole.

4. SDG&E's tariffs for the GTSR memorandum accounts require a reasonableness review.

5. SDG&E's instant application did not provide the evidence necessary for the Commission to determine whether the costs recorded to the GTSR memorandum accounts were reasonable.

6. The costs incurred to SDG&E's GTSR balancing accounts are accurate and SDG&E's GTSR procurement activities complied with Commission directives.

7. The GTSR program faced multiple, simultaneous, uncorrelated challenges that would have been difficult or impossible to anticipate in their totality (e.g., the Covid pandemic, permitting challenges during resource procurement, and the rapid proliferation of Community Choice Aggregators) that made it difficult to forecast how to set program rates that would have recovered the outstanding costs before program participation dropped to unsustainable levels.

8. SDG&E did not imprudently manage its GTSR program and did not unreasonably delay its request to pursue recovery of the GTSR balancing account costs in rates.

9. Allocating the outstanding GTSR costs to former program participants risks burdening those customers with a sudden and unanticipated lump-sum bill.

10. The Commission can mitigate the impacts to residential customers by setting a maximum amount that SDG&E can recover from residential customers, and can mitigate the impacts to all customers by requiring SDG&E to offer customers a multi-year payment plan.

Conclusions of Law

1. Pursuant to Public Utilities Code Section 2833(q), SDG&E may only recover the remaining GTSR costs from former participants in GTSR or from its own shareholders.

2. The Applicant has the burden of proof to show its costs are reasonable when seeking cost recovery for amounts in a memorandum account.

3. SDG&E had adequate notice and opportunity to present proof that its GTSR memorandum accounts costs were reasonable.

4. SDG&E failed to meet its burden of proof regarding the reasonableness of the GTSR memorandum accounts costs.

5. No prior Commission decision authorized cost recovery of the GTSR memorandum account balances or performed a reasonableness review.

6. It is reasonable for the Commission to deny SDG&E's request to recover the costs recorded to its GTSR memorandum accounts.

7. It is reasonable for the Commission to authorize SDG&E to, within sixty days of the issuance of this decision, file a Tier 2 advice letter to recover the costs in its GTSR balancing account from its customers. Such an advice letter must:

   a. Include a proposal to allocate costs among former participants in proportion to the amount of energy they purchased from the program.
   b. Cap the maximum amount that SDG&E will collect from any residential ratepayer at one standard deviation away from the mean of

the distribution of the costs that SDG&E would allocate to each former residential participant if the allocation were proportionate to the customer's energy consumption while enrolled in the program and recover the costs in excess of that cap from non-residential customers.

c. Plan to recover costs over a five-year period by default and to provide customers with the option to extend that period to ten years. If SDG&E wishes to allocate costs to the final bill for former participants with inactive customer accounts, SDG&E may propose to do so but must demonstrate that their proposal will not cause costs to be borne by nonparticipants.

d. Indicate whether SDG&E intends to recover those costs from all former GTSR participants, and if not, explain and justify that decision.

e. Provide the number of residential customers SDG&E requests to recover costs from, the number of commercial and industrial customers SDG&E requests to recover costs from, and for both residential and commercial and industrial customers, provide the 10th, 20th, 30th, through 100th percentile of total costs SDG&E will recover from customers and the absolute impact on monthly bills over a 60-month recovery period.

f. If SDG&E wishes to recover the costs it expects to incur to finance the payment plans, an explanation and justification of its anticipated financing costs and a request for authority to recover those costs from former participants.

g. Propose a communications plan to inform customers of the costs, recovery period, and payment options.

O R D E R

IT IS ORDERED that:

1. San Diego Gas & Electric Company's request to recover the costs recorded to its Green Tariff and Shared Renewables memorandum accounts is denied.

2. San Diego Gas & Electric Company (SDG&E) shall, within sixty days of the issuance of this decision, file a Tier 2 Advice Letter to recover the costs in its Green Tariff and Shared Renewables (GTSR) balancing account from its customers. Such an advice letter must:

a. Include a proposal to allocate costs among former participants in proportion to their energy consumption while enrolled in the program.

b. Cap the maximum amount that SDG&E will collect from any residential ratepayer at one standard deviation away from the mean of the distribution of the costs that SDG&E would allocate to each former residential participant if the allocation were proportionate to the customer's energy consumption while enrolled in the program and recover the costs in excess of that cap from non-residential customers.

c. Plan to recover costs over a five-year period by default and to provide customers with the option to extend that period to ten years. If SDG&E wishes to allocate costs to the final bill for former participants with inactive customer accounts, SDG&E may propose to do so but must demonstrate that their proposal will not cause costs to be borne by nonparticipants.

d. Indicate whether SDG&E intends to recover those costs from all former GTSR participants, and if not, explain and justify that decision.

e. Provide the number of residential customers SDG&E requests to recover costs from, the number of commercial and industrial customers SDG&E requests to recover costs from, and for both residential and commercial and industrial customers, provide the 10th, 20th, 30th, through 100th percentile of total costs SDG&E will recover from customers and the absolute impact on monthly bills over a 60-month recovery period.

f. If SDG&E wishes to recover the costs it expects to incur to finance the payment plans, an explanation and justification of its anticipated financing costs and a request for authority to recover those costs from former participants.

g. Propose a communications plan to inform customers of the costs, recovery period, and payment options.

Application 24-06-001 is closed.

This order is effective today.

Dated _____, at Sacramento, California