

Docket	:	<u>A.25-04-015</u>
Exhibit Number	:	_____
Commissioner	:	<u>Matt Baker</u>
Admin. Law Judge	:	<u>Andrew Dugowson</u>
	:	_____
Public Advocates	:	<u>Julian Buchwalter</u>
Witnesses	:	<u>Bret Weinberger</u>
	:	<u>Kayla Lutes</u>



PUBLIC ADVOCATES OFFICE
CALIFORNIA PUBLIC UTILITIES COMMISSION

PREPARED TESTIMONY
ON THE APPLICATION OF SAN DIEGO GAS & ELECTRIC
COMPANY TO ESTABLISH A RATEMAKING
MECHANISM FOR ENERGIZATION PROJECTS
PURSUANT TO SENATE BILL 410

PUBLIC

San Francisco, California
June 30, 2025

TABLE OF CONTENTS

	<u>Pages</u>
MEMORANDUM	1
EXECUTIVE SUMMARY	3
CHAPTER 1 : INTRODUCTION AND OVERVIEW	1-1
I. INTRODUCTION	1-1
II. SENATE BILL 410 BACKGROUND.....	1-2
II. AFFORDABILITY	1-3
III. SDG&E’S REQUESTED RELIEF	1-4
A. Capacity/Expansion.....	1-5
B. New Business	1-5
C. IT Enhancements.....	1-7
D. Materials.....	1-8
E. Overall Request	1-9
III. SUMMARY OF CAL ADVOCATES’ REVIEW	1-9
IV. SUMMARY OF CAL ADVOCATES RECOMMENDATIONS	1-10
CHAPTER 2 : SDG&E’S APPLICATION IS MISALIGNED WITH THE INTENT OF SB 410	2-11
I. INTRODUCTION.....	2-11
II. DISCUSSION.....	2-11
A. SB 410 creates a ratemaking mechanism intended to be a stopgap measure	2-11
B. SDG&E is meeting the energization timelines	2-12
C. SDG&E’s requests are more appropriate for a GRC	2-13
CHAPTER 3 : SDG&E REQUESTS FUNDING FOR PROJECTS THAT DO NOT COMPLY WITH SB 410	3-15
I. INTRODUCTION.....	3-15
II. DISCUSSION.....	3-16
A. SDG&E requests funding for projects that will not be placed into service by the end of 2026	3-16
B. SDG&E seeks to recover retrospective costs from 2024	3-18
C. SDG&E’s cost caps are set such that they serve no meaningful function	3-18

CHAPTER 4 : CAPACITY/EXPANSION/MATERIALS	4-1
I. INTRODUCTION.....	4-1
II. DISCUSSION.....	4-1
A. SDG&E does not provide evidence to justify its Capacity/Expansion requests.....	4-1
B. SDG&E does not adequately support its Materials request	4-2
C. SDG&E requests cost recovery for Capacity/Expansion projects for which it has already received GRC funding	4-3
CHAPTER 5 : NEW BUSINESS	5-1
I. INTRODUCTION.....	5-1
II. DISCUSSION.....	5-2
A. SDG&E seeks to relitigate cost escalation arguments that the Commission recently considered in SDG&E’s TY 2024 GRC	5-2
B. SDG&E cites a general study about statewide climate goals to justify cost increases specific to SDG&E	5-3
C. SDG&E fails to connect load growth projections with its cost escalation requests.....	5-4
D. SDG&E arbitrarily applies annual cost escalations to each cost category related to energization of new business	5-5
E. SDG&E has not provided additional evidence to support its cost escalation requests	5-7
CHAPTER 6 : IT ENHANCEMENTS.....	6-1
I. INTRODUCTION.....	6-1
II. DISCUSSION.....	6-2
A. SDG&E’s request for costs for IT expenditure is not justified.....	6-2
B. SDG&E provides no evidence linking delays to specific stages of the energization process	6-4
C. SDG&E fails to demonstrate the percentage of the cost of the IT enhancements that is related to energizing customer load	6-4
D. The proposed IT enhancements have numerous deficiencies	6-5
CHAPTER 7 : CONCLUSION	7-1
APPENDIX A –QUALIFICATIONS OF WITNESSES	
APPENDIX B – SUPPORTING ATTACHMENTS	

1 **MEMORANDUM**

2
3 This testimony was prepared by the Public Advocates Office at the California
4 Public Utilities Commission (Cal Advocates) in response to the *Application of San Diego*
5 *Gas and Electric Company to Establish a Ratemaking Mechanism for energization*
6 *Projects pursuant to Senate Bill 410*, Application 25-04-015. Through this Application,
7 San Diego Gas & Electric Company (SDG&E) requests the California Public Utilities
8 Commission's approval to: 1) establish a new memorandum account to record and
9 recover revenue requirements incremental to those authorized in Decision 24-12-074 on
10 SDG&E's Test Year 2024 General Rate Case; 2) adopt SDG&E's recommended annual
11 caps on incremental direct energization¹ expenditures of \$20,864,000 for 2024,
12 \$144,631,000 for 2025, and \$144,631,000 for 2026 (with flexibility to use unspent 2025
13 funds in 2026); and 3) approve SDG&E's proposed independent third-party auditor
14 pursuant to Public Utilities Code Section 938.²

15 Richard Khoe and Christopher Myers served as Cal Advocates' project
16 coordinators in this review and are responsible for the overall coordination in the
17 preparation of this testimony. The witnesses' prepared qualifications and testimony are
18 contained in Appendix A of this report.
19

¹ "Energization" and "energize" mean connecting customers to the electrical distribution grid and establishing adequate electrical distribution capacity or upgrading electrical distribution or transmission capacity to provide electrical service for a new customer, or to provide upgraded electrical service to an existing customer. See Public Utilities Code (Pub. Util. Code) § 931(b).

² *Application of San Diego Gas and Electric Company for Authority to Establish a Ratemaking Mechanism for Energization Projects Pursuant to Senate Bill 410* (Application) at 6.

Chapter #	Description	Witness
1	Introduction and Overview	Julian Buchwalter
2	SDG&E's Application is Misaligned with the Intent of SB 410	Julian Buchwalter
3	SDG&E Requests Funding for Projects that Do Not Comply with SB 410	Julian Buchwalter
4	Capacity/Expansion/Materials	Julian Buchwalter
5	New Business	Bret Weinberger
6	IT Enhancements	Kayla Lutes
7	Conclusion	Julian Buchwalter

1
2

1

2

5

⁴ Application at 6.

⁴ Senate Rules Committee, *Floor Analysis of Sen. Bill No. 410* (Becker) Sept. 14, 2023, Cal. 2023–2024 Reg. Sess. (Cal. Senate Sept. 14, 2023) at 5-6. Available at leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=202320240SB410. (Senate Floor Analysis).

² *San Diego Gas & Electric Company's (U 902-E) Reply to Protests on its Application for Authority to Establish a Ratemaking Mechanism for Energization Projects Pursuant to Senate Bill 410 (SDG&E Reply to Protests)*, June 5, 2025 at 3.

1 funding is necessary. SDG&E has time to recover its costs through a General Rate Case
2 (GRC) process, which offers more time for the Commission and intervenors to assess
3 SDG&E's claims than the expedited SB 410 process allows.

4 Many of the costs that SDG&E seeks to recover through its Application do not
5 comply with what SB 410 specifies can be included in a ratemaking mechanism.
6 Consistent with its intention as a stopgap measure, SB 410 is limited to costs for projects
7 that will be in-service by the end of 2026.⁸ SDG&E proposes costs for items such as
8 transformers and substation land that will not attach to a project that is in-service by the
9 end of 2026. SB 410 specifies that the annual caps in the ratemaking mechanism should
10 be set up-front, yet SDG&E proposed retrospective costs for 2024.⁹ Additionally,
11 SDG&E requests cost caps higher than it estimates is necessary, rendering the cost caps
12 meaningless; for 2025, SDG&E forecasts costs of \$73.061 million, yet it inflates its 2025
13 request to be in line with the higher 2026 amount of \$144.631 million.¹⁰

14 Finally, SDG&E provides a paucity of evidence to support the costs it requests
15 through the SB 410 ratemaking mechanism. For example, in respect of New Business,
16 SDG&E's approach is to escalate its 2024 costs by 13% to identify the 2025 and 2026
17 amounts.¹¹ Yet SDG&E provides no evidence to substantiate how it arrived at 13%.
18 Similarly, SDG&E requests \$52.7 million for Information Technology (IT)
19 enhancements, ostensibly to meet the new requirements regarding energization timelines,
20 customer communication, and data collection and reporting the Commission established
21 in Decision (D.) 24-09-020.¹² SDG&E fails to adequately demonstrate that these are
22 required to meet the energization timelines, or to show the IT enhancements will be used
23 for energization purposes.

⁸ Pub. Util. Code § 932 (a)(1).

⁹ Pub. Util. Code § 932 (a)(1).

¹⁰ SDG&E's Prepared Direct Testimony of Eric Dalton (SDGE-2) at ED-7.

¹¹ SDG&E A.25-04-015 Incremental Costs Forecast Workpaper at Summary.

¹² SDG&E's Prepared Direct Testimony of Matt Belden and Nathan Bruner (SDGE-1) at BB-35.

1 **CHAPTER 1 : INTRODUCTION AND OVERVIEW**

2 **(Witness: Julian Buchwalter)**

3 **I. INTRODUCTION**

4 On April 25, 2025, San Diego Gas & Electric Company (SDG&E) filed
5 Application (A.) 25-04-015. In its Application, SDG&E requests that the California
6 Public Utilities Commission (Commission) authorize a ratemaking mechanism to recover
7 costs for energization projects pursuant to Senate Bill (SB) 410.¹³ Specifically, SDG&E
8 requests that the Commission: (1) establish an Electric Energization Memorandum
9 Account (EEMA) to enable it to record and recover revenue requirements incremental to
10 those authorized in the Commission’s decision on SDG&E’s Test Year (TY) 2024
11 General Rate Case (GRC) (Decision (D.) 24-12-074); (2) adopt SDG&E’s recommended
12 annual cost caps on incremental direct energization expenditures of \$20,864,000 for
13 2024, \$144,631,000 for 2025, and \$144,631,000 for 2026 (with flexibility to use unspent
14 2025 funds in 2026); and (3) approve SDG&E’s proposed independent third-party auditor
15 pursuant to Pub. Util. Code Section 938.¹⁴

16 SDG&E states that it is proposing annual energization cost caps to accommodate
17 “an uptake in state policies for electrification, an increased number of requests for new
18 services, and significantly higher material and labor costs.”¹⁵ SDG&E requests
19 “Commission authorization to utilize this ratemaking mechanism to recover all costs
20 necessary to comply with SB 410 and related CPUC energization directives including the
21 mandates set forth in D.24-09-020 (Energization Timelines Decision).”¹⁶ SDG&E states
22 that the cost categories subject to the proposed ratemaking mechanism include:

¹³ Senate Bill (SB) 410 (Becker, 2025-2026 Reg. Sess.). *Powering Up Californians Act*, Chapter 394, codified as Public Utilities (Pub. Util.) Code § 930-939. Throughout Cal Advocates’ testimony, SB 410 and California Pub. Util. Code § 937 are used interchangeably when referring to the statutory requirements applicable to the ratemaking mechanism.

¹⁴ *Application of San Diego Gas and Electric Company for Authority to Establish a Ratemaking Mechanism for Energization Projects Pursuant to Senate Bill 410* (Application) at 6.

¹⁵ Application at 2.

¹⁶ Application at 3.

1 (1) Capacity/Expansion, (2) New Business, (3) Materials, and Information Technology
2 (IT) Enhancements.¹⁷

3 This chapter provides an overview of: (1) SB 410's background, (2) affordability
4 considerations, (3) an overview of SDG&E's requested reliefs, (4) an overview of the
5 Public Advocates Office's (Cal Advocates) analysis, and (5) a summary of Cal
6 Advocates' recommendation.

7 **II. SENATE BILL 410 BACKGROUND**

8 On October 7, 2023, Governor Newsom signed into law SB 410, the Powering Up
9 Californians Act. SB 410, in part, requires the Commission to establish reasonable
10 average and maximum energization time periods.¹⁸ SB 410 also directs the Commission,
11 if requested by an electrical corporation, to authorize, within 180 days of the request, a
12 ratemaking mechanism to allow the electrical corporation to track costs for energization
13 projects placed in service after January 1, 2024 that exceed the costs included in the
14 electric corporation's annual authorized revenue requirement for energization.¹⁹ Specific
15 to the ratemaking mechanism requirement, SB 410 requires this mechanism to do all of
16 the following in Section 937(b):

- 17 1) Authorizes the electrical corporation to track costs for energization projects
18 placed in service after January 1, 2024, that exceed the costs included in the
19 electrical corporation's annual authorized revenue requirement for
20 energization, as established in the electrical corporation's general rate case
21 or any other proceeding.
22
- 23 2) Requires the commission to establish an up-front annual cap on the amount
24 that each electrical corporation can recover within the mechanism. Before
25 establishing the cap, the commission shall review all information submitted
26 by the electrical corporation pursuant to subdivision (c).
27
- 28 3) Requires the commission to authorize the recovery of costs tracked within
29 the mechanism through an annual rate adjustment until it determines
30 whether the costs are just and reasonable in the electrical corporation's next

¹⁷ Application at 6.

¹⁸ Pub. Util. Code § 934(a).

¹⁹ Pub. Util. Code § 937(b).

1 general rate case. The commission shall require the electrical corporation to
2 include in its next general rate case application a demonstration that the
3 costs incurred were just and reasonable. Any costs that the commission
4 finds were not just and reasonable shall be subject to refund.
5

6 4) Requires only costs associated with energization to be included in the
7 mechanism and requires costs to be tracked using the same cost categories
8 as used by the electrical corporation in its general rate case application.
9

10 5) Prevents the electrical corporation from recovering any costs through the
11 mechanism in any year until its recorded spending for energization projects
12 exceeds its annualized revenue requirements for energization projects as
13 established in the electrical corporation's general rate case.

14 II. AFFORDABILITY

15 The September 14, 2023 Senate Floor analysis of SB 410 states that "[t]his bill
16 attempts to limit impacts on electric ratepayers by subject [sic] these costs to CPUC
17 review for just and reasonableness and an annual cap on the amount that may be
18 recovered, as well as, other requirements to mitigate cost impacts."²⁰ The cost caps play
19 an important role to mitigate costs, and therefore must be assessed for reasonableness.
20 The Commission recognized SB 410's language about cost caps and determined that it is
21 important to consider affordability when reviewing an electrical corporation's request for
22 a ratemaking mechanism and establishing annual energization cost caps under SB 410.
23 In D.24-07-008, the Commission determined that SB 410 cost caps "authorized in this
24 decision balance the goal of allowing interim rate recovery for incremental spending
25 consistent with prioritizing energization and electrification goals with concern for the
26 affordability of electricity rates, including the risk of ratepayer funding of projects that
27 may not be completed by December 31, 2026."²¹ The Commission also concluded that
28 "SB 410, which gives the Commission discretion in setting the cap and clarifies
29 subjecting costs to refund, provides an additional guardrail against affordability

²⁰ Senate Floor Analysis at 6.

²¹ D.24-07-008, *Decision Authorizing a Ratemaking Mechanism for Energization Projects Pursuant to Senate Bill 410*, issued July 16, 2024 at 2-3. *See also* D.24-07-008, Finding of Fact (FoF) 31 at 89.

1 concerns.”²² Thus, the Commission determined that affordability is an important factor
2 when adopting energization cost caps and that the cost caps serve as important safeguard
3 to protect ratepayers.

4 SDG&E barely mentions affordability in its Application, focusing exclusively on
5 its claimed energization needs. It is crucial that, in response to SDG&E’s Application,
6 given the increasingly dire affordability crisis facing California ratepayers, the
7 Commission also sets SDG&E’s cost caps, in part, based on affordability concerns.²³

8 **III. SDG&E’S REQUESTED RELIEF**

9 SDG&E’s requests a ratemaking mechanism pursuant to SB 410 to provide
10 upfront ratepayer funding to cover SDG&E’s potential energization expenditures over
11 2025-2026, as well as retroactive funding to cover SDG&E’s 2024 overspend on
12 energization.²⁴ SDG&E claims that the cost categories subject to the proposed
13 ratemaking mechanism include: 1) Capacity/Expansion, 2) New Business, 3) Materials,
14 and 4) IT Enhancements. ²⁵ In its Direct Testimony, SDG&E recommends the cap for
15 2024 be set equal to the amount of incremental spend beyond what was authorized in
16 SDG&E’s GRC, approximately \$21 million.²⁶ SDG&E requests that the Commission set
17 the caps for 2025 and 2026 based on the highest forecasted year, 2026. Thus SDG&E
18 requests approximately \$145 million for each of 2025 and 2026, with the condition that
19 any unused cap in 2025 be added to 2026’s cap.²⁷ These totals include arbitrary
20 escalation costs, unnecessary costs that have little or nothing to do with meeting

²² D.24-07-008, Conclusion of Law 6 at 90.

²³ CPUC Response to Executive Order N-5-24, February 18, 2025. Available at:
<https://www.cpuc.ca.gov/-/media/cpuc-website/industries-and-topics/reports/cpuc-response-to-executive-order-n-5-24.pdf>.

²⁴ SDGE-1 at BB-35.

²⁵ Application at 6.

²⁶ SDGE-2 at ED-7.

²⁷ SDGE-2 at ED-7.

energization timelines, and even extra “headroom” so that SDG&E can spend far beyond what it projects is necessary to meet energization timelines.

A. Capacity/Expansion

The largest contributor to SDG&E’s costs caps relates to the Capacity/Expansion cost category. Within this category, SDG&E requests authorization to record approximately \$101 million in costs for 2024-2026.²⁸ SDG&E requests cost recovery for a wide variety of capacity projects, including two circuits, future capacity projects, and substation land acquisitions. SDG&E states that the main drivers for the incremental capacity/expansion costs are state electrification goals and recent forecasts which predict higher system level growth.²⁹ The following table shows SDG&E’s proposal to increase capacity/expansion activities and costs.³⁰

Table 1-1
Incremental Capacity/Expansion Expenditure Related Costs Summary
(Cost in Thousands)

Category A. Capacity / Expansion Energization Related Costs		Authorized in 2024 GRC (in Nominal \$000s)			Incremental Cost Estimates (in Nominal \$000s)		
Workpaper	Type	2024	2025	2026	Actual 2024	Estimated 2025	Estimated 2026
002280	Reactive Small Capital Projects	\$1,577	\$1,624	\$1,673	\$1,389	\$1,916	\$105
202600	East Gate C1154	\$0	\$0	\$0	\$0	\$2,843	\$0
212580	Sampson C369	\$0	\$0	\$0	\$69	\$588	\$0
202470	Planned Investments	\$4,433	\$4,566	\$4,703	(\$2,518)	\$2,221	\$5,433
212760	Future Capacity Projects	\$9,652	\$9,942	\$10,240	\$2,959	\$13,245	\$16,474
N/A	Substation Land Acquisition	\$0	\$0	\$0	\$0	\$7,935	\$48,649
Annual Totals		\$15,662	\$16,132	\$16,616	\$1,899	\$28,749	\$70,660
Total Incremental (2024-2026)						\$101,308	

B. New Business

The second largest contributor to SDG&E’s cost caps relate to the New Business cost category.³¹ Within this category, SDG&E requests authorization to record

²⁸ SDGE-1 at BB-35.

²⁹ SDGE-1 at BB-10, BB-11 and BB-12.

³⁰ SDGE-1 at BB-14.

³¹ SDGE-1 at BB-35.

approximately \$58.5 million in costs for 2024-2026.³² Specifically, SDG&E requests cost recovery for customer-requested upgrades/services, transformer and meter installation, and electric distribution easements, among others.³³ SDG&E argues again that state electrification goals, along with state housing goals, drive load growth to the extent that SDG&E needs stopgap incremental funding to cover costs for energizing new business.³⁴ The following table shows SDG&E's proposal to increase new business activities and costs.³⁵

Table 1-2
New Business Capital Incremental Cost Estimates Summary
(Cost in Thousands)

Category B. Energization-Related New Business (in Nominal \$000s)								
Energization-Related Workpapers for New Business		GRC Imputed Authorized 2024	GRC Imputed Authorized 2025	GRC Imputed Authorized 2026	Incremental to GRC 2024	Incremental to GRC 2025	Incremental to GRC 2026	Total Incremental to GRC
00204	Electric Distribution Easements	\$ 2,837	\$ 2,922	\$ 3,010	\$ 1,042	\$ 1,488	\$ 1,974	\$ 4,505
00215	Overhead Residential New Business	\$ 1,050	\$ 1,081	\$ 1,113	\$ 848	\$ 1,064	\$ 1,314	\$ 3,226
00216	Overhead Non-Residential New Business	\$ 1,279	\$ 1,318	\$ 1,358	\$ 73	\$ 213	\$ 363	\$ 648
00217	Underground Residential New Business	\$ 9,092	\$ 9,365	\$ 9,646	\$ 4,261	\$ 5,738	\$ 7,394	\$ 17,393
00218	Underground Non-Residential New Business	\$ 9,694	\$ 9,985	\$ 10,285	\$ 2,885	\$ 4,249	\$ 5,750	\$ 12,884
00219	New Business Infrastructure	\$ 6,465	\$ 6,659	\$ 6,859	\$ (2,350)	\$ (2,009)	\$ (1,602)	\$ (5,961)
00224	New Service Installations	\$ 8,718	\$ 8,980	\$ 9,250	\$ 1,750	\$ 2,858	\$ 4,112	\$ 8,719

³² SDGE-1 at BB-35.

³³ SDGE-1 at BB-16.

³⁴ SDGE-1 at BB-19, BB-20 and BB-21.

³⁵ SDGE-1 at BB-23 and BB-24.

Category B. Energization-Related New Business (in Nominal \$000s)								
Energization-Related Workpapers for New Business		GRC Imputed Authorized 2024	GRC Imputed Authorized 2025	GRC Imputed Authorized 2026	Incremental to GRC 2024	Incremental to GRC 2025	Incremental to GRC 2026	Total Incremental to GRC
00225	Customer Requested Upgrades & Services	\$ 16,835	\$ 17,340	\$ 17,860	\$ 4,568	\$ 6,858	\$ 9,456	\$ 20,882
00235	Transformer & Meter	\$ 11,717	\$ 12,069	\$ 12,431	\$ (2,240)	\$ (1,366)	\$ (158)	\$ (3,764)
Annual Totals		\$ 67,687	\$ 69,719	\$ 71,812	\$ 10,837	\$ 19,093	\$ 28,603	
Total Incremental								\$ 58,534

C. IT Enhancements

The third largest contributor to SDG&E's cost caps are the proposed IT Enhancements.³⁶ Within this category, SDG&E requests authorization to record approximately \$53 million in costs for 2024-2026.³⁷ Specifically, SDG&E requests cost recovery for a Nexus Digital Application, Automated Utility Design Enhancement, and Automated Intelligence, among others.³⁸ SDG&E states that the IT Enhancements are necessary for SDG&E to fully and accurately meet the compliance requirements of Energization Timelines Decision.³⁹ The following table shows SDG&E's proposal to include IT Enhancements in the memo account.⁴⁰

³⁶ SDGE-1 at BB-35.

³⁷ SDGE-1 at BB-28.

³⁸ SDGE-1 at BB-16.

³⁹ SDGE-1 at BB-26.

⁴⁰ SDGE-1 at BB-28.

Table 1-3
Proposed IT Enhancements Expenditures Summary
(Cost in Thousands)

IT Enhancement Costs (in Nominal \$000s)				
Category	Incremental to GRC 2024	Incremental to GRC 2025	Incremental to GRC 2026	Total GRC Incremental Request
Nexus Digital Application	\$1,176	\$8,681	\$9,104	\$18,962
Builder Services Portal Modernization		\$2,591	\$4,746	\$7,338
Cloud Data Foundation		\$1,258	\$3,495	\$4,753
Geographic Information System Enhancement		\$1,533	\$5,652	\$7,186
Automated Utility Design Enhancement		\$1,512	\$7,335	\$8,847
Automated Intelligence	\$299	\$1,061	\$4,239	\$5,599
Total	\$1,475	\$16,636	\$34,572	\$52,683

D. Materials

The fourth largest contributor to SDG&E's cost caps relates to the Materials cost category for 2024-2026.⁴¹ Within this category, SDG&E requests authorization to record approximately \$26 million in costs.⁴² Specifically, SDG&E requests cost recovery for additional transformers.⁴³ SDG&E states that the main drivers for the incremental Materials costs are a greater need for units to support customer energization and a rise in

⁴¹ SDGE-1 at BB-35.

⁴² SDGE-1 at BB-35.

⁴³ SDGE-1 at BB-16.

per-unit transformer costs.⁴⁴ The following table shows SDG&E’s proposal to increase Materials costs.⁴⁵

Table 1-4
Incremental Materials Forecast Summary
(Cost in Thousands)

Category C. Materials (in Nominal \$000s)						
	GRC Imputed Authorized 2024	GRC Imputed Authorized 2025	GRC Imputed Authorized 2026	Incremental to GRC 2024	Incremental to GRC 2025	Incremental to GRC 2026
Transformer Costs Attributable to Energizing Customer Load ⁴⁶	\$10,649	\$10,968	\$11,297	\$6,653	\$8,583	\$10,796

E. Overall Request

If approved without modification, SDG&E states that its overall request will add \$14 million to the 2025 revenue requirement, \$39.8 million to the 2026 revenue requirement, \$54.1 million to the 2027 revenue requirement, \$53.7 million to the 2028 revenue requirement, and \$52.5 million to the 2029 revenue requirement.⁴⁶ These cost cap increases will result in a 1.9 percent average residential rate increase and a 1.1 percent bundled residential average rate increase across its service territory.⁴⁷

III. SUMMARY OF CAL ADVOCATES’ REVIEW

Cal Advocates reviewed SDG&E’s request to increase the energization cost caps by analyzing whether incremental ratepayer funds would be necessary to achieve SDG&E’s energization requirements under SB 410. Cal Advocates’ analysis, detailed in the following chapters, demonstrates that many of the requests in the Application are not supported to justify increasing customer bills to provide cost recovery pursuant to SB 410.

⁴⁴ SDGE-1 at BB-24.

⁴⁵ SDG&E-1, Table 8 at BB-26.

⁴⁶ SDG&E Response to The Utilities Reform Network (TURN) Data Request TURN-SDG&E-001 (SDG&E Response to TURN DR 001), Request 1 at 1.

⁴⁷ SDG&E Application Attachment D.

SDG&E does not demonstrate that additional funds are necessary to meet its energization timelines. Furthermore, analysis shows that SDG&E's Application is misaligned with the intent of SB 410 and costs that SDG&E seeks within the ratemaking mechanism do not meet the requirements of California Pub. Util. Code Sections 937(b)-(c).

IV. SUMMARY OF CAL ADVOCATES RECOMMENDATIONS

The Commission should deny SDG&E's incremental cost cap request in its entirety on the basis that SDG&E has not provided evidence to justify these costs under SB 410. The Commission should set the 2024, 2025, and 2026 cost caps at \$0.

Alternatively, should the Commission find that establishing cost caps is warranted, the Commission should reject the following increases in cost caps totaling \$171.828 million because they do not qualify for recovery pursuant to the requirements of SB 410:

- \$20.864 million in 2024 costs, as the cost caps are explicitly required by Pub. Util. Code Section 937(b)(2) to be an "up-front", forward-looking tool for future projects.
- \$56.584 million in substation land acquisition costs on the basis that these substations will not be placed into service by the end of 2026.
- \$71.57 million in "headroom" costs added to the 2025 cost caps as these costs are not directed at specific energization projects.
- \$2.843 million and \$0.588 million in 2025 costs associated with the East Gate and Sampson circuits respectively, because the Commission already authorized costs for these circuits in SDG&E's TY 2024 GRC.⁴⁸
- \$19.379 million in 2025 and 2026 Materials purchase costs because SDG&E failed to show that these costs will be placed in-service by the end of 2026.

⁴⁸ D.24-12-074 at 432.

1 **CHAPTER 2 : SDG&E’S APPLICATION IS MISALIGNED**
2 **WITH THE INTENT OF SB 410**

3 **(Witness: Julian Buchwalter)**

4 **I. INTRODUCTION**

5 This chapter examines SDG&E’s general request to establish a ratemaking
6 mechanism under SB 410, legislation intended to address energization delays throughout
7 the state, particularly those in Pacific Gas and Electric (PG&E) territory. SDG&E does
8 not show it needs incremental funding to address the delays SB 410 is intended to solve.
9 SDG&E lumps numerous projects, that would otherwise be recovered through a GRC,
10 into this exceptional ratemaking mechanism. While SDG&E has the right to request a
11 ratemaking mechanism, it does not justify the need for the proposed cost caps. Cal
12 Advocates recommends that the Commission reject SDG&E’s proposed cost cap amounts
13 for 2024, 2025, and 2026.

14 **II. DISCUSSION**

15 **A. SB 410 creates a ratemaking mechanism intended to be a**
16 **stopgap measure**

17 In crafting SB 410, the Legislature created a ratemaking mechanism as a stopgap
18 measure intended to support electrical corporations undertaking delayed energization
19 work. The Senate Floor Analysis of SB 410 highlighted this fact when describing the
20 need for this legislation:

21 New service connections and upgrades to the distribution system are
22 generally a routine and core electric utility function. Unfortunately, the
23 growing backlog of projects, especially in PG&E service territory, has
24 led to frustrated customers, including affordable housing developers,
25 local governments, and many others. The extensive backlog of capacity
26 projects at the state’s largest electric utility may be unique to their
27 service territory, the management of their project queue, and unique
28 issues to their system. However, other utilities could begin to suffer
29 backlogs with the growing demands for: EV charging infrastructure,
30 increased electrification of buildings, and the need for more housing,

1 especially affordable housing, and other demands on the electric
2 distribution system.⁴⁹

3 The Senate analysis explains that SB 410 stemmed from issues in PG&E’s service
4 territory. There was also a hearing of the California Assembly Standing Committee on
5 Utilities and Energy where legislators focused on PG&E’s interconnection delays.⁵⁰ The
6 Legislature found it necessary to address PG&E’s growing backlog and delay. However,
7 the Legislature expressed concern that the other electrical corporations may begin to
8 suffer the same backlogs. Thus SB 410 allows other electrical corporations to request a
9 temporary ratemaking mechanism to avoid energization delays. However, the
10 ratemaking mechanism is just a stopgap measure. The Legislature instituted a sunset
11 provision that ends the ratemaking mechanism on January 1, 2027.⁵¹ Thus, the
12 Legislature provided the electrical corporations a temporary option to record and recover
13 costs for energization work reasonably unknown during the electrical corporations’ prior
14 GRCs and for energization projects that cannot wait until the electrical corporations’ next
15 GRCs or January 1, 2027, subject to an after-the-fact reasonableness review.⁵²

16 **B. SDG&E is meeting the energization timelines**

17 SDG&E does not claim that it suffers from the same energization delays that
18 plague PG&E. In fact, SDG&E concedes that it is meeting the current energization
19 timeline requirements. Specifically, SDG&E states “the fact that SDG&E has met

⁴⁹ Senate Floor Analysis at 5.

⁵⁰ See California Assembly Standing Committee on Utilities and Energy, Distribution Planning, Process & Approvals – Existing Delays, Current Solutions & Future Prospects - Informational Hearing, May 24, 2023. Available at <https://www.assembly.ca.gov/media/assembly-utilities-and-energy-committee-20230524>. The transcript for this hearing is also available at <https://calmatters.digitaldemocracy.org/hearings/257214>.

⁵¹ Pub. Util. Code § 937.

⁵² “Requires the commission to authorize the recovery of costs tracked within the mechanism through an annual rate adjustment until it determines whether the costs are just and reasonable in the electrical corporation’s next general rate case. The commission shall require the electrical corporation to include in its next general rate case application a demonstration that the costs incurred were just and reasonable. Any costs that the commission finds were not just and reasonable shall be subject to refund.” See Pub. Util. Code § 937(b)(3).

1 current energization timelines does not preclude the need for incremental funding.”⁵³

2 Further, SDG&E states in its biannual energization report that it is receiving a customer
3 application and energizing electrical service in [REDACTED]
4 125 business day average requirement as of December 21, 2024.⁵⁴

5 Additionally, in the Energization Timelines Decision, the Commission set out, for
6 each electrical corporation, the rate at which the electrical corporation would need to
7 increase its pace of energizing new applications to meet its average energization target.
8 SDG&E’s rate of acceleration needed to meet the average energization target is *negative*
9 61 percent, which means if everything was held as is, SDG&E would have to slow its
10 pace of energizing new applications for it to be out of compliance.⁵⁵ For context, per the
11 Energization Timelines Decision, PG&E’s rate of acceleration for the same metric is
12 positive 39 percent, which aligns with the emphasis the Legislature placed on PG&E’s
13 underperformances when determining that SB 410 was necessary.⁵⁶ Given that SDG&E
14 is broadly meeting the required energization timelines, SDG&E fails to show that it
15 requires incremental funding to meet the energization timelines requirements. By
16 SDG&E’s own admissions and reporting, it is currently satisfying those timeline
17 requirements.

18 **C. SDG&E’s requests are more appropriate for a GRC**

19 SDG&E includes in this Application many projects that are not directly related to
20 near-term energization issues.⁵⁷ These projects include substantial capacity projects,
21 such as substation land purchases, a complete technology stack transformation,

⁵³ *San Diego Gas & Electric Company’s (U 902-E) Reply to Protests on its Application for Authority to Establish a Ratemaking Mechanism for Energization Projects Pursuant to Senate Bill 410* (SDG&E Reply to Protests), June 5, 2025 at 3.

⁵⁴ *San Diego Gas and Electric Company (U 902-E) Biannual Energization Report* (Confidential Version) (SDG&E 2024 Biannual Energization Report), adopted April 1, 2025 in R.24-01-018, at Agg. Summary and Table; D.24-09-020 at 30.

⁵⁵ D.24-09-020 at 34.

⁵⁶ D.24-09-020 at 34.

⁵⁷ SDGE-1 at BB-35.

1 significant new business costs, and major transformer purchases it intends to hold in
2 reserve.⁵⁸ The GRC process, with its structured review process that is not bound by SB
3 410's 180-day provision,⁵⁹ provides the Commission and intervenors with more time to
4 investigate in detail a utility's proposed projects, conduct analysis, and offer
5 recommendations. The 180-day expedited schedule under which the Commission must
6 authorize a ratemaking mechanism is not a substitute for the robust GRC process.
7 SDG&E has the opportunity to seek recovery of these costs in a future GRC. The
8 Commission should only permit cost recovery under SB 410 for projects that are
9 necessary in the near-term to address energization delays, not transformative upgrades
10 that are typically reserved for a GRC.

⁵⁸ SDGE-1 at BB-35.

⁵⁹ SB 410 requires that, "[i]f requested by the electrical corporation, the commission shall authorize, within 180 days of the request, the use of a ratemaking mechanism . . ." *See* Pub. Util. Code §937(b).

1 **CHAPTER 3 : SDG&E REQUESTS FUNDING FOR PROJECTS**
2 **THAT DO NOT COMPLY WITH SB 410**

3 **(Witness: Julian Buchwalter)**

4 **I. INTRODUCTION**

5 Chapter 3 examines how certain costs that SDG&E seeks in its Application do not
6 comply with the requirements of Pub. Util. Code Section 937 (Section 937) or the
7 Commission’s determinations about what types of costs are eligible to be recovered
8 through the ratemaking mechanism.

9 First, SDG&E seeks to recover costs for projects prior to those projects going into
10 service.⁶⁰ This request is contrary to the Commission’s determination that projects not
11 placed in service by January 1, 2027 are ineligible for the ratemaking mechanism.⁶¹
12 Second, Section 937 states that the Commission must establish an “up-front” annual
13 cap.⁶² Despite this, SDG&E seeks to recover its actual costs already incurred in 2024.
14 Third, SDG&E requests that the cost cap for 2025 be increased to match its requested
15 cost cap for 2026 even though its forecasted costs for 2025 are much lower. In other
16 words, approximately \$71.570 million that SDG&E identifies for its 2025 cost cap is not
17 tethered to actual energization work, but rather arbitrarily set to equal SDG&E’s
18 proposed 2026 cost caps. Cal Advocates recommends that the Commission reject all the
19 costs, approximately \$171.828 million in total, that do not comply with the requirements
20 of Section 937 and the Commission’s subsequent interpretation and implementation of
21 SB 410.

⁶⁰ SDGE-2 at ED-3.

⁶¹ D.24-07-008 at 82.

⁶² Pub. Util. Code § 932(a)(2).

1 **II. DISCUSSION**

2 **A. SDG&E requests funding for projects that will not be placed**
3 **into service by the end of 2026**

4 Section 937(b)(1) states that the ratemaking mechanism “authorizes the electrical
5 corporation to track costs for energization projects placed in service after January 1,
6 2024.” In D.24-07-008, the Commission determined that “[a]ny capital expenditures that
7 are incurred for projects not in service by January 1, 2027 will be ineligible for this
8 ratemaking mechanism.”⁶³ As such, the Commission clarified the scope of the SB 410
9 ratemaking mechanism is to support projects that are placed in service between January
10 1, 2024 and January 1, 2027. While that decision was specific to a request by PG&E, the
11 Commission’s interpretation of statute should apply equally to all utilities seeking a
12 ratemaking mechanism under SB 410. As a result, the Commission should not include
13 costs for projects that will be in-service after 2026, given the ratemaking mechanism
14 sunsets on January 1, 2027.⁶⁴

15 In its Application, SDG&E requests that the Commission authorize SDG&E to
16 record and recover substantial costs for projects that will not be placed in service by the
17 end of 2026. SDG&E requests approximately \$57 million in up-front cost recovery to
18 purchase land for four future substations.⁶⁵ According to SDG&E, it takes at least five
19 years to complete these projects.⁶⁶ Therefore, the four future substations SDG&E
20 identifies will not be placed in service by January 1, 2027. SDG&E has provided no
21 evidence to indicate these costs are related to projects that will be in service by January 1,
22 2027. Thus, the Commission should determine these costs are ineligible for recovery
23 through the ratemaking mechanism.

24 The Commission has already rendered a determination regarding a request for
25 substation land costs in the context of SB 410. In A.21-06-021, PG&E made a request to

⁶³ D.24-07-008 at 82.

⁶⁴ Pub. Util. Code § 937(e).

⁶⁵ SDGE-1 at BB-14.

⁶⁶ SDGE-1 at BB-12.

1 recover costs relating to substation land acquisition. In D.24-07-008, the Commission
2 stated, “no recovery is permitted for these costs until the substation constructed on such
3 land has energized significant customer load.”⁶⁷ Given the identical nature of the costs
4 requested (for substation land) that logic should apply to SDG&E’s Application as well.

5 In addition, SDG&E requests approximately \$26 million in total incremental cost
6 estimates to purchase additional transformers, which are all unlikely to be placed into
7 service by the end of 2026.⁶⁸ SDG&E states it has “approximately 5,700 transformers on
8 hand”, which means it has ample runway to deal with customer connections over the next
9 year and a half without the need for stopgap funding.⁶⁹ SDG&E has not demonstrated it
10 needs these additional transformers.

11 SDG&E justifies the inclusion of land and transformer purchases in this
12 ratemaking mechanism by citing direction from the Federal Energy Regulatory
13 Commission’s (FERC) Uniform System of Accounts, and past practice.⁷⁰ SDG&E
14 claims that it is the date of purchase that will determine when SDG&E can recover land
15 and transformer costs.⁷¹ However, SB 410 creates a unique ratemaking mechanism that
16 is explicitly intended to support energization projects placed in service, not equipment
17 held in reserve. SDG&E does not provide any evidence that FERC’s Uniform System of
18 Accounts applies to the ratemaking mechanism pursuant to SB 410. Absent such
19 showing, the only clear decision on this issue is the Commission’s decision regarding
20 PG&E’s request to include substation land acquisition costs under this ratemaking
21 mechanism.⁷²

⁶⁷ D.24-07-008 at 31.

⁶⁸ SDGE-1 at BB-35.

⁶⁹ SDG&E Response to Cal Advocates Data Request PubAdv-SDG&E-002 (SDG&E Response to Cal Advocates DR 002), Request 11(c) at 9.

⁷⁰ SDGE-2 at ED-3.

⁷¹ SDGE-2 at ED-3.

⁷² D.24-07-008 at 31 and 82.

1 Cal Advocates recommends that the Commission reject \$56.584 million for
2 substation land purchases and \$19.379 million for the transformer purchases, not
3 including 2024 costs.

4 **B. SDG&E seeks to recover retrospective costs from 2024**

5 In SDG&E's Application, SDG&E includes approximately \$21 million in costs
6 for 2024 expenditures, retroactively.⁷³ These costs are spread over all outlined cost
7 categories, with the greatest costs falling under the New Business and Materials cost
8 category, approximately \$11 million and \$7 million respectively. Section 937(b)(2)
9 describes the annual cap that must form part of the ratemaking mechanism. The wording
10 of the legislation states that the cap must be an "up-front annual cap" on the amount each
11 utility can recover within the ratemaking mechanism.⁷⁴ It is not intended to be a
12 reimbursement that allows immediate recovery of the retroactive costs SDG&E incurred
13 as part of its typical operations. A cap set up-front and known to the utility at the time
14 the costs are incurred is more effective at guiding utility actions than a cap the utility is
15 not aware of, and which is applied retrospectively to costs already incurred. SDG&E has
16 already completed this 2024 work, so there is no stopgap funding needed to help it carry
17 out these projects.⁷⁵ Rather, SDG&E has the opportunity to seek recovery of these
18 additional costs in its next GRC application in May 2026. Cal Advocates recommends
19 that the Commission reject \$21 million for SDG&E's 2024 retrospective costs.

20 **C. SDG&E's cost caps are set such that they serve no meaningful**
21 **function**

22 Section 937 creates a ratemaking mechanism that operates based on annual caps
23 on the amount each electrical corporation can recover within the mechanism.

⁷³ SDGE-1 at BB-35.

⁷⁴ Pub. Util. Code § 937(b)(2).

⁷⁵ SDGE-1 at BB-35.

1 SDG&E requests the 2025 and 2026 caps be set equal to the highest forecasted
2 year (2026).⁷⁶ That is, SDG&E estimates its incremental energization costs for 2025 to
3 be \$73,061,000 but requests the Commission to adopt the 2026 estimation
4 (\$144,631,000) in 2025. This almost doubles SDG&E’s forecasted capital expenditure
5 for 2025, with the goal of adding “headroom” due to forecast uncertainty.⁷⁷ SDG&E
6 states that it is “not seeking a reasonableness review” in this Application and that its
7 proposed annual caps “are not intended to reflect a firm forecast or projection.”⁷⁸
8 SDG&E’s proposed cost caps and rationale for 2025 render the idea of a cost cap
9 meaningless.

10 The cost caps in Section 937 are a critical part of the ratemaking mechanism that
11 serve to guide the utility in how much it may spend on energization and protect
12 ratepayers from overspending. As a component of the legislation, cost caps must serve a
13 meaningful function. It would be non-sensical to conclude that the Legislature included
14 the cost cap in the statute with the intention that the Commission ignore the level or
15 consequences of the cap. With its request, SDG&E asks the Commission to ignore one
16 of SB 410’s key ratepayer safeguards.

17 The Commission previously considered the role of the cost cap in circumstances
18 very similar to the SDG&E Application. PG&E originally forecasted in its GRC that its
19 anticipated work would require capital additions at the rate of 2.5 percent, 1.3 percent and
20 1.9 percent for 2024, 2025 and 2026 respectively.⁷⁹ PG&E, however, claimed that
21 limiting increases to 2.5 percent for all three years would provide sufficient headroom.⁸⁰

⁷⁶ SDGE-2 at ED-7.

⁷⁷ SDGE-2 at ED-7.

⁷⁸ SDG&E Response to Cal Advocates Data Request PubAdv-SDG&E-001 (SDG&E Response to Cal Advocates DR 001), Request 1 at 1.

⁷⁹ D.24-07-008 at 12.

⁸⁰ PG&E Reply Brief in A.21-06-021 at 23-25 and 29.

1 The Commission found that PG&E had not provided substantiation of the need to build in
2 headroom for future load increases and rejected the addition of the headroom.⁸¹

3 Cal Advocates recommends that the Commission reject the headroom that
4 SDG&E requests for 2025. This amount is \$71,570,000, representing the difference
5 between SDG&E's estimated costs of \$73,061,000 and the requested amount of
6 \$144,631,000.

⁸¹ D.24-07-008 at 49.

CHAPTER 4 : CAPACITY/EXPANSION/MATERIALS

(Witness: Julian Buchwalter)

I. INTRODUCTION

This chapter presents Cal Advocates' analysis of SDG&E's request for costs in the Capacity/Expansion and Materials cost categories. First, SDG&E requests incremental costs associated with six line-items in the Capacity/Expansion section. These line-items include Reactive Small Capital Projects (Workpaper 002280), East Gate C1154 (Workpaper 202600), Sampson C369 (Workpaper 212580), Planned Investments (Workpaper 202470), Future Capacity Projects (Workpaper 212760), and Substation Land Acquisition (Workpaper not available).⁸² SDG&E requests approximately \$101 million in total incremental costs for these Capacity/Expansion line-items.⁸³ Second, SDG&E requests incremental costs associated with transformer costs attributable to energizing customer load in the Materials section.⁸⁴ SDG&E requests \$26.032 million in total incremental cost estimates for the Materials line-item.⁸⁵ \$6.653 million of these costs are retroactive 2024 costs. SDG&E's request to retroactively recover 2024 costs should be rejected, as discussed in Chapter 3.

II. DISCUSSION

A. SDG&E does not provide evidence to justify its Capacity/Expansion requests

First, SDG&E cites state electrification goals and load growth, per the 2023 Integrated Energy Policy Report (2023 IEPR),⁸⁶ as justification for its capacity/expansion projects.⁸⁷ However, SDG&E does not provide a credible linkage between these drivers

⁸² SDGE-1 at BB-14.

⁸³ SDGE-1 at BB-14.

⁸⁴ SDGE-1 at BB-24.

⁸⁵ SDGE-1 at BB-35.

⁸⁶ California Energy Commission, *2023 Integrated Energy Policy Report* (Jan. 31, 2024), publication no. CEC-100-2023-001 (2023 IEPR), available at <https://www.energy.ca.gov/data-reports/reports/integrated-energy-policy-report-iepr/2023-integrated-energy-policy-report>.

⁸⁷ SDGE-1 at BB-9, BB-10, BB-11 and BB-12.

1 and the outlined capacity requests. SDG&E supports the need for four substations
2 “through a preliminary assessment using the 2023 IEPR Forecast as adjusted to account
3 for Known Loads within the SDG&E service area as well as SDG&E’s Medium-Duty
4 (MD) and Heavy-Duty (HD) transportation electrification forecasts.”⁸⁸ That is, SDG&E
5 alters the 2023 IEPR forecast. SDG&E does not provide the methodology and analysis
6 underpinning its additional internal Known Loads and MDHD forecasts, thus failing to
7 substantiate their use. Furthermore, the lack of information on these additional forecasts
8 violates SB 410’s requirements. SB 410 states, “an electrical corporation may only use a
9 projection of load that exceeds forecasts provided by the Energy Commission if the
10 electrical corporation provides to the commission detailed information on how the
11 forecasts are developed and what state or local policies or customer requests necessitated
12 the alternative forecast.”⁸⁹ Since SDG&E does not provide information to justify the use
13 of these forecasts, it would be unreasonable for the Commission to increase ratepayer
14 costs based on their use..

15 **B. SDG&E does not adequately support its Materials request**

16 SDG&E states there is “a greater need for (transformer) units to support customer
17 energization; per-unit transformer costs have risen due to fluctuations in raw material
18 prices, increased skilled labor costs, and a shortage of domestic supply.”⁹⁰ However,
19 SDG&E does not support this statement. For example, the only citation included to
20 support this statement links to a Boston Consulting Group (BCG) study⁹¹ that details
21 “50%+ price spikes across critical components.”⁹² Price spikes are different from

⁸⁸ SDG&E Response to Cal Advocates DR 002, Request 4(b) at 4.

⁸⁹ Pub. Util. Code § 936(b).

⁹⁰ SDGE-1 at BB-24 and BB-25.

⁹¹ Boston Consulting Group, *Unlocking California’s Climate Ambition* (July 30, 2024) (BCG study), available at: <https://www.bcg.com/publications/2024/united-states-unlocking-californias-climate-ambition>. The BCG Study was partially funded by SDG&E. See SDG&E Response to TURN DR 001, Request 48 at 32.

⁹² SDGE-1 at BB-25.

1 consistent and durable price increases and SDG&E does not show any evidence of
2 sustained price increases. Furthermore, the BCG study does not explain the increased
3 skilled labor costs or the shortage of domestic supply that SDG&E claims exist. Rather,
4 the BCG study only refers to “metal prices generally.”²³ While SDG&E points to the
5 rising cost of transformers as a major driver of its increased caps request, the BCG study
6 does not utilize a “transformer cost assessment.”²⁴

7 **C. SDG&E requests cost recovery for Capacity/Expansion projects**
8 **for which it has already received GRC funding**

9 Section 937(b)(1) of the legislation states that the ratemaking mechanism may
10 only include costs that exceed those established in a utility’s last GRC.²⁵ In its
11 Application, SDG&E seeks cost recovery for two projects for which it already received
12 funding in its last GRC. These are the “East Gate: 12kV Circuit C1154” and ‘Sampson:
13 New 12kV Twin Circuit C369” projects.²⁶ The purpose of the “East Gate circuit project
14 is to “address overloading of multiple circuits and equipment associated with forecasted
15 new load in the area.”²⁷ The purpose of the Sampson circuit project is to “relieve
16 overloading on an existing circuit...the overload is associated with forecasted new load in
17 the area.”²⁸ In D.24-12-074, the Commission allowed \$2.184 million in 2022 for the
18 East Gate project, and \$617 thousand in 2022 and \$116 thousand in 2023 for the
19 Sampson project.²⁹

20 In this Application, SDG&E claims that it needs additional funding based on
21 “changes in the customers’ load addition timelines” and given “the assets referenced in

²³ SDG&E Response to Cal Advocates DR 002, Request 11(g) at 10; SDG&E Response to TURN DR 001 Request 48(a) at 32-33.

²⁴ SDG&E Response to Cal Advocates DR 002, Request 11(g) at 10; SDG&E Response to TURN DR 001 Request 48(a) at 32-33; SDGE-1 at BB-24.

²⁵ Pub. Util. Code § 937(b)(1).

²⁶ D.24-12-074 at 432.

²⁷ SDGE-1 at BB-7.

²⁸ SDGE-1 at BB-8.

²⁹ D.24-12-074 at 432.

1 the request have not experienced the load growth anticipated at the time these projects
2 were initially identified.”¹⁰⁰ SDG&E seeks incremental costs of \$2,843,000 in 2025 for
3 the East Gate project and \$588,000 in 2025 for the Sampson project. It also seeks to
4 recover \$69,000 it actually incurred in 2024 for the Sampson project.¹⁰¹

5 In calculating what is incremental for these two projects, SDG&E only uses the
6 costs authorized in the GRC for 2024-2026.¹⁰² It ignores the costs authorized for 2022
7 and 2023. SDG&E provides no indication as to whether it has already applied the
8 authorized 2022 and 2023 amounts to these projects. The Commission already
9 authorized amounts for these projects and SDG&E ignores the authorized amounts in
10 determining its incremental needs. To the extent SDG&E expects to spend more than
11 was allowed at the last GRC, it has the opportunity to seek to recover those costs in its
12 next GRC. Therefore, the Commission should deny SDG&E’s request for incremental
13 funding for the East Gate and Sampson projects.

¹⁰⁰ SDG&E Response to Cal Advocates DR 002, Request 2 at 2.

¹⁰¹ SDGE-1 at BB-14.

¹⁰² SDGE-1 at BB-14.

1 **CHAPTER 5 : NEW BUSINESS**

2 (Witness: Bret Weinberger)

3 **I. INTRODUCTION**

4 The New Business cost category includes requests for new services, upgraded
5 service, new distribution systems for commercial and residential developments, system
6 modifications to accommodate new customer load, customer requested relocations,
7 rearrangements, removals and the conversion of existing overhead lines to
8 underground.¹⁰³ SDG&E requests \$58.534 million in incremental costs over 2024-2026
9 for the energization of new business.¹⁰⁴ SDG&E states that this figure was reached by
10 using the 2024 actual costs for new business-related energization, then adding a
11 compounded 10% annual increase for 2025 and 2026, then comparing these numbers
12 with the approved cost recovery from the TY 2024 GRC.¹⁰⁵ SDG&E does not elaborate,
13 or provide any evidence to substantiate, how it arrived at a 10% annual escalation in costs
14 for the new business category. Instead, SDG&E merely references a “steady upward
15 trend in its customer growth rate and electric load demand.”¹⁰⁶ Furthermore, SDG&E
16 actually proposes a 13% compounded annual escalation for new business energization
17 costs when SDG&E’s expected 3% inflation is added to the 10%, although this fact is not
18 explicitly stated in testimony.¹⁰⁷ Because SDG&E does not provide evidence for its
19 requests, the Commission should deny SDG&E’s requested increase of the cost caps for
20 new business energization.

¹⁰³ SDGE-1 at BB-15.

¹⁰⁴ SDGE-1 at BB-23.

¹⁰⁵ SDGE-1 at BB-23.

¹⁰⁶ SDGE-1 at BB-23.

¹⁰⁷ In its response to a data request from TURN, SDG&E states that “SDG&E used a 10% compound annual growth rate starting from year 2024 (i.e., in real 2024 dollars). Adding 3% annual inflation... yields the 13% annual escalator used to determine forecast nominal dollar direct capital expenditures for years 2025 and 2026.” SDG&E adds: “The basis for the 13% annual escalator is described at lines 3-5 on page BB-23 of the Belden-Bruner testimony.” However, the cited page of testimony only refers to a 10% annual compounded escalation. See SDG&E Response to TURN DR 001, Request 33 at 26.

1 **II. DISCUSSION**

2 **A. SDG&E seeks to relitigate cost escalation arguments that the**
3 **Commission recently considered in SDG&E’s TY 2024 GRC**

4 SDG&E requests that the Commission increase its approved cost recovery for new
5 business energization by a 13% annual compounded rate for years 2025 and 2026 based
6 on the 2024 actual spend for energization costs.¹⁰⁸ An annual compound rate of 13% is
7 much higher than a similar rate adopted in SDG&E’s recent GRC.¹⁰⁹ In D.24-12-074, the
8 final decision in SDG&E’s TY 2024 GRC, the Commission adopted a post-test year
9 (PTY) capital cost escalation methodology that incorporated a 3% annual escalation.¹¹⁰
10 This was in contrast to SDG&E’s GRC proposal to escalate costs by 6.58% and 5.52%
11 for 2025 and 2026, respectively.¹¹¹ The Commission found that SDG&E did not
12 demonstrate the need for the requested funds and instead opted to grant an annual
13 escalation based on a CPI inflation index.¹¹² Now, SDG&E attempts to undo the
14 Commission’s decision to limit the annual cost escalation to 3% by granting a
15 significantly higher 13% escalation to distribution expenses related to energization of
16 new business.

¹⁰⁸ SDG&E Response to TURN DR 001, Request 33 at 26.

¹⁰⁹ In response to a data request from the Commission’s Energy Division (ED), SDG&E explained how it calculated annual escalations for cost categories related to new business expenses in the 2024 TY GRC: “For the 2024 GRC, SDG&E imputed the 2025-2026, and 2027 capital costs by escalating each year by 3.0%, starting from the authorized 2024 forecast in nominal dollars. This methodology is consistent with the adopted 2024 GRC PTY mechanism of 3% escalation on base margin.” *See* SDG&E Response to ED DR 001, Request 2 at 4.

¹¹⁰ D.24-12-074, Table 47.4 at 909.

¹¹¹ D.24-12-074 at 892.

¹¹² The Commission found that “the need for additional funds to account for anticipated growth in capital additions in excess of depreciation in the post-test year period, especially since SoCalGas and SDG&E have earned in excess of their authorized rate of return in previous rate cycles. Therefore, it is reasonable to consider a CPI inflation index in the PTY Ratemaking because it allows the utility to continue to increase its revenue requirement at a just and reasonable rate without overburdening ratepayers with high inflationary indices that could outpace the CPI.” *See* D.24-12-074 at 900.

1 **B. SDG&E cites a general study about statewide climate goals to**
2 **justify cost increases specific to SDG&E**

3 SDG&E fails to explain its methods or justify its assumptions that lead it to
4 request a 13% annual compounded escalation for 2025 and 2026. Rather, SDG&E
5 broadly refers to California’s zero emissions goals as the primary driver behind the
6 increasing demand for customer energization and electric load.¹¹³ SDG&E develops this
7 argument by citing the BCG study, which projects statewide increases in demand for
8 electric products as a result of electrifying common products, such as personal vehicles
9 and residential space heating.¹¹⁴ This study provides general projections for how
10 California’s climate goals and policies will impact electric demand on a statewide basis,
11 but does not specifically lay out the implications for SDG&E’s territory.¹¹⁵ The BCG
12 study also points out that a major barrier to electrification of the California economy, and
13 thus the state’s climate goals, is rapidly increasing electricity rates.¹¹⁶ Thus, the very
14 study that SDG&E uses to support its request for incremental costs for energization of
15 new business shows that unnecessary rate increases actually harm the electrification goals
16 that spurred SB 410’s passage in the first place. Furthermore, SDG&E attempts to use
17 the BCG report to contend that load growth due to electrification may be higher than the
18 CEC’s IEPR forecasts,¹¹⁷ without providing the detailed information necessary to justify
19 using alternative load projections as SB 410 requires.¹¹⁸ SDG&E fails to explain how the

¹¹³ SDGE-1 at BB-19.

¹¹⁴ SDGE-1 at BB-20.

¹¹⁵ For example, the BCG study cites the California Air Resources Board’s (CARB) 2022 Scoping plan to project that electrification of the economy will drive a 75% increase in electricity demand, requiring 220 GW of new energy and storage capacity to be needed on the grid, but does not reference SDG&E’s share of that projected capacity growth. *See* BCG Study at 7.

¹¹⁶ BCG Study at 20.

¹¹⁷ SDG&E-1 at BB-21.

¹¹⁸ “...an electrical corporation may only use a projection of load that exceeds forecasts provided by the Energy Commission if the electrical corporation provides to the commission detailed information on how the forecasts are developed and what state or local policies or customer requests necessitated the alternative forecast.” *See* Pub. Util. Code § 936(b).

BCG report justifies the 13% annual compounded escalation or such a significant departure from the rates approved in the SDG&E TY 2024 GRC decision.

C. SDG&E fails to connect load growth projections with its cost escalation requests

SDG&E fails to show how the IEPR forecasts correspond to customer demand for energization. SDG&E states that the 2023 IEPR shows increases in load growth forecasts relative to past IEPRs due to transportation electrification efforts.¹¹⁹ However, SDG&E does not provide any analysis that demonstrates how increased load projections affect SDG&E's costs to energize new customers or provide upgrades to existing customers. Additionally, SDG&E admits that it has not performed analyses investigating whether, and the extent to which, there is a relationship between changes in retail sales on the one hand, and growth in new service connections or upgraded service requests, on the other hand.¹²⁰ SDG&E fails to show the relationship between demand and energization costs, rendering the IEPR demand projections a poor guide to energization costs. For example, SDG&E provides numbers in its testimony that seemingly demonstrate that new business energization costs have been recently increasing much faster than the GRC approved costs, shown below.¹²¹

Table 5-1
New Business Variance
(Cost in Thousands)

Year	GRC Approved	Actuals	Variance (Actual less GRC)	Variance Trend
2022 (2022 \$000s)	\$58,314	\$59,103	\$789	1%
2023 (2023 \$000s)	\$63,150	\$70,846	\$7,696	12%
2024 (2024 \$000s)	\$67,687	\$78,524	\$10,837	16%

¹¹⁹ SDG&E-1 at BB-11.

¹²⁰ SDG&E Response to TURN DR 001, Request 49 at 34.

¹²¹ SDGE-1, Table 5 at BB-22.

SDG&E shows that energization costs related to customer requests have exceeded the GRC-approved amounts by 12% in 2023 and 16% in 2024. However, SDG&E does not connect these numbers to increases in customer demand. In fact, SDG&E indicates that Annual System Peak Loads Reported to the California Independent System Operator for the SDG&E Service Area decreased substantially from 2022 to 2023, as shown below.¹²²

Table 5-2
Annual System Peak Loads Reported to CAISO for the SDG&E Service Area
(MWs)

Year	2020	2021	2022	2023	2024
System Load	3884	3616	4421	3679	4524

This example demonstrates that load growth is not synonymous with growth in spending for new business energization.

D. SDG&E arbitrarily applies annual cost escalations to each cost category related to energization of new business

SDG&E applies the same 13% annual increase uniformly to each category related to new business energization, as shown below.¹²³

¹²² SDG&E Response to TURN DR 001, Request 25a at 22.

¹²³ SDGE-1, Table 6 at B-23 and B-24.

Table 5-3
Requested Energization-Related New Business Costs
 (Cost in Thousands)

Energization-Related Workpapers for New Business		GRC Imputed Authorized 2024	GRC Imputed Authorized 2025	GRC Imputed Authorized 2026	Incremental to GRC 2024	Incremental to GRC 2025	Incremental to GRC 2026	Total Incremental to GRC
00204	Electric Distribution Easements	\$ 2,837	\$ 2,922	\$ 3,010	\$ 1,042	\$ 1,488	\$ 1,974	\$ 4,505
00215	Overhead Residential New Business	\$ 1,050	\$ 1,081	\$ 1,113	\$ 848	\$ 1,064	\$ 1,314	\$ 3,226
00216	Overhead Non-Residential New Business	\$ 1,279	\$ 1,318	\$ 1,358	\$ 73	\$ 213	\$ 363	\$ 648
00217	Underground Residential New Business	\$ 9,092	\$ 9,365	\$ 9,646	\$ 4,261	\$ 5,738	\$ 7,394	\$ 17,393
00218	Underground Non-Residential New Business	\$ 9,694	\$ 9,985	\$ 10,285	\$ 2,885	\$ 4,249	\$ 5,750	\$ 12,884
00219	New Business Infrastructure	\$ 6,465	\$ 6,659	\$ 6,859	\$ (2,350)	\$ (2,009)	\$ (1,602)	\$ (5,961)
00224	New Service Installations	\$ 8,718	\$ 8,980	\$ 9,250	\$ 1,750	\$ 2,858	\$ 4,112	\$ 8,719
00225	Customer Requested Upgrades & Services	\$ 16,835	\$ 17,340	\$ 17,860	\$ 4,568	\$ 6,858	\$ 9,456	\$ 20,882
00235	Transformer & Meter	\$ 11,717	\$ 12,069	\$ 12,431	\$ (2,240)	\$ (1,366)	\$ (158)	\$ (3,764)
Annual Totals		\$ 67,687	\$ 69,719	\$ 71,812	\$ 10,837	\$ 19,093	\$ 28,603	
Total Incremental								\$ 58,534

SDG&E fails to justify why it applies the same 13% annual increase uniformly to each category related to new business energization. For example, the amount of customer requests related to cost categories (e.g. overhead residential, non-residential underground, etc.) has varied widely among customer categories.¹²⁴ However, the 13% cost escalation applies to each cost category that corresponds to the customer requests. Additionally, total customer requests for energization declined in 2023 respective to 2022 and still were fewer in 2024 respective to 2022.¹²⁵ SDG&E even includes a 13% escalation for costs in categories in which 2024 actual costs were below the GRC-authorized amount. The fact

¹²⁴ SDG&E Response to TURN DR 001 Requests 36, 38, 40, and 41 at 28-31.

¹²⁵ SDG&E Response to TURN DR 001 Request 60 at 41.

1 that the increase is uniform across all of the categories in the table shows that the increase
2 is not calculated based on the specific circumstances of each category. The Commission
3 should not permit SDG&E to incur extra costs for work in which costs have recently
4 decreased. SDG&E fails to show that energization costs will increase by the same
5 proportion for each cost category related to new business.

6 **E. SDG&E has not provided additional evidence to support its cost**
7 **escalation requests**

8 Cal Advocates and other intervenors have attempted to fill in the gaps of
9 SDG&E's showing through discovery. However, SDG&E has been largely
10 unresponsive. For example, SDG&E did not provide TURN with SDG&E's
11 expenditures in 2022 and 2023 related to numerous energization cost categories,
12 including new business.¹²⁶ With recent expenditure data, intervenors would be able to
13 better determine whether energization costs have been steadily increasing, how funds
14 designated for energization have been spent thus far, and how energization expenditures
15 correlate to load growth and other trends. Without this data, the Commission and
16 intervenors do not have sufficient information to analyze trends in energization spending
17 for specific cost categories. Instead, the Commission and intervenors are left with only
18 SDG&E's 2024 energization expenditures to determine the validity of its projected 2025
19 and 2026 expenditures. Because SDG&E does not provide evidence or explanation to
20 justify its cost recovery requests, the Commission should decline to raise SDG&E's
21 energization cost caps based on limited data and arbitrary escalations in new business
22 energization costs.

¹²⁶ SDG&E Response to TURN DR 001 Requests 13, 14, 16, 18, 32, 35, 36, 37 and 39 at 11-30.

CHAPTER 6 : IT ENHANCEMENTS

(Witness: Kayla Lutes)

I. INTRODUCTION

SDG&E forecasts \$52.7 million in the IT Enhancement cost category it states it needs to comply with SB 410.¹²⁷ SDG&E states that the IT enhancements are needed to meet the energization timeline requirements, the customer communication requirements, and the biannual data collection and reporting requirements established in the Energization Timeline Decision.¹²⁸ The IT enhancement cost estimates encompass the development, enhancement, and deployment of the following six major IT systems: the Nexus Digital Application, the Builder Services (BSP) Modernization, the Cloud Data Foundation, the Geographic Information System (GIS) Enhancement, the Automated Utility Design (AUD) Enhancement, and Automated Intelligence.¹²⁹ Each enhancement is intended to modernize different aspects of SDG&E's internal operations, customer service platforms, and data management capabilities.¹³⁰

SDG&E's proposed IT enhancements represent a wide-ranging upgrade and expansion of SDG&E's existing digital systems. These enhancements include new platforms for tracking project timelines like Nexus; managing customer interactions, such as the Builder Services Portal; centralizing data across departments through the Cloud Data Foundation; and exploring automation technologies like AI.¹³¹ However, SDG&E fails to adequately demonstrate that these upgrades and expansions are needed to meet the energization timeline, customer communication, and data collection and reporting requirements established in the Energization Timelines Decision. The Commission should deny SDG&E's request to include the cost of the IT enhancements in the cost caps.

¹²⁷ SDG&E-1 at BB-28.

¹²⁸ SDG&E-1 at BB-26.

¹²⁹ SDG&E-1 at BB-28 to BB-33.

¹³⁰ SDG&E-1 at BB-28 to BB-33.

¹³¹ SDG&E-1 at BB-28 to BB-32.

1 **II. DISCUSSION**

2 **A. SDG&E’s request for costs for IT expenditure is not justified**

3 SDG&E proposes to recover costs to support the implementation or enhancement of
4 the six major IT systems identified above. SDG&E broadly claims that the IT
5 enhancements are needed to comply with the Energization Timelines Decision’s
6 requirements.¹³² The Energization Timelines Decision implements SB 410 by
7 establishing specific performance requirements for utility energization processes.¹³³ It
8 outlines measurable standards in three key areas: energization requirements, customer
9 communication, and data collection and reporting.¹³⁴ SDG&E states that “[a]pproval of
10 [its] application is necessary for SDG&E to fully and accurately meet the compliance
11 requirements of the [Energization Timelines Decision], including: the energization
12 timelines, customer communication and current data and reporting system limitations and
13 requirements.”¹³⁵ SDG&E fails to show how each IT enhancement is necessary to meet
14 the specific requirements established in Energization Timeline Decision.

15 For example, SDG&E states that upgrades to its BSP are necessary to meet the
16 Energization Timeline requirements.¹³⁶ SDG&E fails to provide an explanation to
17 demonstrate that its existing BSP is incapable of meeting the Energization Timeline
18 Decision’s other requirements. SDG&E fails to explain how upgrades to BSP will enable
19 SDG&E to meet the Energization Timeline Decision requirements. Instead, SDG&E
20 provides a description of its existing BSP, broadly states that its existing IT systems
21 “currently lack the ability to track or report the granular timelines and additional project
22 information required by [the Energization Timeline Decision],” and then concludes that
23 upgrades to the BSP are necessary to meet the Energization Timeline Decision

¹³² SDG&E-1 at BB-26.

¹³³ D.24-09-020 at 2-3.

¹³⁴ D.24-09-020 at 2-3.

¹³⁵ SDG&E-1 at BB-26.

¹³⁶ SDG&E-1 at BB-29 and BB-30.

1 requirements.¹³⁷ SDG&E does not provide system functionality details, or clear
2 operational paths and other details to demonstrate that the BSP upgrades are needed, and
3 how they will be used, to meet all the tasks that SDG&E claims the BSP upgrades will
4 accomplish.

5 For Nexus, SDG&E states that it “envision[s] [Nexus] as a core platform for
6 timelines, enhancing the customer experience, and collecting and reporting data to meet
7 the requirements of [the Energization Timeline Decision].”¹³⁸ SDG&E claims that
8 “without Nexus, SDG&E’s ability to be fully in compliance with the Energization
9 Timeline Decision is at risk.”¹³⁹ However, SDG&E does not present analysis showing
10 that its current requirements to meet energization timelines suffer without such a tool.
11 Nor does SDG&E provide data, such as data from pilots or internal assessments,
12 demonstrating that Nexus will materially reduce energization timelines. SDG&E states
13 that it “conducted market research and completed an assessment in regards to” Nexus;
14 however, SDG&E fails to provide any results or findings.¹⁴⁰

15 For the Cloud Data Foundation, SDG&E claims that “in order to meet [the
16 Energization Timeline Decision] reporting requirements SDG&E requires the
17 development of a centralized data foundation in the cloud.”¹⁴¹ This constitutes SDG&E’s
18 entire justification for the Cloud Data Foundation. SDG&E fails to discuss which
19 specific reporting requirements the Cloud Data Foundation will address. There is no
20 data, details, linkage to specific requirements, or even a simple narrative to explain why
21 SDG&E needs to the Cloud Data Foundation to comply with the Energization Timeline
22 Decision.

¹³⁷ SDG&E-1 at BB-29 to BB-30.

¹³⁸ SDG&E-1 at BB-29.

¹³⁹ SDG&E-1 at BB-29.

¹⁴⁰ SDG&E’s Response to Cal Advocates DR 001 at 2.

¹⁴¹ SDG&E-1 at BB-30.

1 Finally, SDG&E includes several speculative or exploratory IT investments
2 related to Artificial Intelligence including a design copilot, chatbot, preliminary cost
3 estimation tool, and material optimization algorithms.¹⁴² SDG&E fails to show the
4 connection between its proposals and SB 410 or the requirements of the Energization
5 Timeline Decision. SDG&E offers no pilot results, user testing, or performance
6 benchmarks to demonstrate that these tools will meaningfully improve energization
7 timelines or customer transparency.

8 **B. SDG&E provides no evidence linking delays to specific stages of**
9 **the energization process**

10 SDG&E also fails to provide data analysis identifying where in the energization
11 process delays are most commonly occurring. Without such information, SDG&E has not
12 demonstrated that design-phase tools like Automated Utility Design (AUD) or
13 enhancements to Geographic Information System (GIS) capabilities are appropriate or
14 effective solutions. SDG&E claims that digitizing or accelerating the design and
15 mapping processes will reduce project timelines;¹⁴³ however, SDG&E does not present
16 any empirical evidence, such as process-level tracking, root-cause analysis or project
17 delays, to substantiate its claims. Without a clear diagnostic assessment of delay points
18 within the end-to-end energization workflow, and without clear demonstration of how the
19 IT enhancements and associated cost estimates will aid in the energization timeline,
20 SDG&E has not justified the need for such enhancements.

21 **C. SDG&E fails to demonstrate the percentage of the cost of the IT**
22 **enhancements that is related to energizing customer load**

23 As described in sections A and B above, SDG&E does not justify that the IT
24 enhancements it proposes are needed to meet the requirements of the Energization
25 Timeline Decision. SDG&E has also not shown what percentage of the costs for the IT
26 enhancements relate to the Energization Timeline Decision specifically or SB 410

¹⁴² SDG&E-1 at 30.

¹⁴³ SDG&E-1 at BB-32.

1 broadly as opposed to other objectives. Section 937(b)(1) allows a utility to track costs
2 for energization projects. In D.24-07-008, the Commission analyzed certain PG&E cost
3 categories and determined the percentage of costs within those categories that related to
4 energization. For example, in respect of transformer costs, the Commission found that
5 one third of transformers were used for energization and reduced PG&E's proposed
6 transformer costs by 70% accordingly.¹⁴⁴

7 Many of the IT enhancements proposed by SDG&E are broad in scope and
8 SDG&E could apply them to use cases other than energization. SDG&E fails to provide
9 any estimate of the proportion of the cost for IT enhancements attributable to
10 energization as opposed to other objectives.

11 **D. The proposed IT enhancements have numerous deficiencies**

12 SDG&E includes multiple large-scale IT proposals that it says are intended to
13 improve internal coordination, project, tracking, and compliance with energization
14 timelines.¹⁴⁵ However, SDG&E fails to clearly define the scope of each initiative or
15 explain how systems like Nexus, the Cloud Data Foundation, and the BSP relate to one
16 another. SDG&E's proposed IT systems appear to share overlapping objectives related
17 to timeline tracking, transparency, and project management. For example:

- 18 ○ Nexus is described as a digital project management tool designed
19 to coordinate internal workstreams and track project progress
20 across departments.¹⁴⁶
- 21 ○ The Cloud Data Foundation is framed as a centralized repository
22 to consolidate project data for compliance reporting, internal
23 visibility, and analytics.¹⁴⁷
- 24 ○ The BSP modernization is intended to improve customer-facing
25 project tracking and internal updates related to service
26 applications.¹⁴⁸

¹⁴⁴ D.24-07-008, FoF 21 at 87.

¹⁴⁵ SDG&E-1 at BB-28 and BB-33.

¹⁴⁶ SDG&E-1 at BB-28 and BB-29.

¹⁴⁷ SDG&E-1 at BB-30.

¹⁴⁸ SDG&E-1 at BB-29 and BB-30.

1 Each of these platforms appears to perform some version of project visibility,
2 coordination, or milestone tracking, yet SDG&E fails to clearly delineate the distinct
3 roles and responsibilities of each system. Without a functional separation of duties or
4 explanation of how these systems will work together, as opposed to duplicating efforts, it
5 is unclear whether ratepayers are being asked to fund multiple platforms that serve
6 similar or the same purposes.

7 SDG&E also does not provide an architectural diagram, process map, or
8 governance plan to show how these systems will interact or be managed. SDG&E does
9 not explain how the new systems will integrate with existing platforms, existing
10 Geographic Information Systems, or legacy project tracking systems. For instance,
11 SDG&E does not explain whether data from the BSP will automatically feed into Nexus,
12 or how the Cloud Data Foundation will pull and normalize information from disparate
13 systems. These omissions may have negative implications given that these platforms are
14 meant to support operational decision-making, compliance reporting, and customer
15 communication.¹⁴⁹ The absence of a comprehensive integration plan and defined
16 boundaries presents a significant risk of inefficiency and delays because it creates
17 uncertainty about how the various IT systems will interact, who is responsible for what
18 functionality, and how data will flow between platforms. In other words, it increases the
19 likelihood of confusion, duplication, and technical complications. Therefore, SDG&E
20 has failed to justify how these IT enhancements will support energization timelines.

¹⁴⁹ SDG&E-1 at BB-27 and BB-32.

1 **CHAPTER 7 : Conclusion**

2 **(Witness: Julian Buchwalter)**

3

4 Cal Advocates' analysis demonstrates that SDG&E fails to provide evidence for

5 its request and does not demonstrate that a ratemaking mechanism pursuant to SB 410 is

6 necessary to meet its energization timelines. Thus, the Commission should deny

7 SDG&E's request for cost caps. Furthermore, SDG&E's Application is misaligned with

8 the intention and directives of SB 410, and many of the costs SDG&E requests do not

9 meet the requirements of SB 410. Should the Commission find that establishing cost

10 caps is warranted, the Commission should reject SDG&E's ineligible cost requests,

11 totaling \$171.828 million in potential incremental costs, as follows:

- 12 • \$20.864 million in 2024 costs, as the cost caps are explicitly required by
- 13 Pub. Util. Code Section 937(b)(2) to be an "up-front", forward-looking
- 14 tool for future projects.
- 15 • \$56.584 million in substation land acquisition costs on the basis that
- 16 these substations will not be placed into service by the end of 2026.
- 17 • \$71.57 million in "headroom" costs added to the 2025 cost caps as these
- 18 costs are not directed at specific energization projects.
- 19 • \$2.843 million and \$0.588 million in 2025 costs associated with the
- 20 East Gate and Sampson circuits respectively, because the Commission
- 21 already authorized costs for these circuits in SDG&E's TY 2024
- 22 GRC.¹⁵⁰
- 23 • \$19.379 million in 2025 and 2026 Materials purchase costs because
- 24 SDG&E failed to show that these costs will be placed in-service by the
- 25 end of 2026.
- 26

¹⁵⁰ D.24-12-074 at 432.

APPENDIX A

Qualifications of Witnesses

QUALIFICATIONS AND PREPARED TESTIMONY
OF
JULIAN BUCHWALTER

Q.1 Please state your name and business address.

A.1 My name is Julian Buchwalter. My business address is 505 Van Ness Avenue, San Francisco, California.

Q.2 By whom are you employed and what is your job title?

A.2 I am employed by the Public Advocates Office of the California Public Utilities Commission as a Public Utilities Regulatory Analyst II in the Energy Infrastructure Branch.

Q.3 Please describe your educational and professional experience.

A.3 I received a Bachelor of Arts Degree in Public Policy from the University of Michigan, Ann Arbor in 2020. I have over 5-years of experience working on policy and regulatory issues at various levels of government, nonprofits, and the private sector. For the past 2-years with the Public Advocates Office, I have worked on projects and proceedings related to transportation electrification, distribution planning, and energization.

Q.4 What is your area of responsibility in this proceeding?

A.4 I am cosponsoring the Public Advocates Office's June 27, 2025 testimony in response to SDG&E's Application, which requests the Commission authorize a ratemaking mechanism for energization projects and adopt its recommend cost caps for 2024, 2025, and 2026.

Q.5 Does that complete your prepared testimony?

A.5 Yes, it does.

1 **QUALIFICATIONS AND PREPARED TESTIMONY**
2 **OF**
3 **BRET WEINBERGER**

4 **Q.1 Please state your name and business address.**

5 A.1 My name is Bret Weinberger. My business address is 320 West 4th Street, Suite
6 500, Los Angeles, CA 90013.

7
8 **Q.2 By whom are you employed and in what capacity?**

9 A.2 I am employed by the Public Advocates Office at the California Public Utilities
10 Commission (Cal Advocates) as a Public Utilities Regulatory Analyst in the
11 Electricity Planning and Policy branch.

12
13 **Q.3 Briefly state your educational background and experience.**

14 A.3 I hold a Master's degree of Public Policy from the University of California, Los
15 Angeles, and a Bachelor of Arts in Political Science and History from the
16 University of California, Los Angeles. I completed regulatory training provided
17 by the National Association of Regulatory Utility Commissions ("NARUC") in
18 2023.

19 I joined Cal Advocates as an analyst on the Climate Change Initiative team. I
20 have represented Cal Advocates in proceedings about the RPS program and
21 bioenergy. I have provided testimony on behalf of Cal Advocates in A.24-05-020
22 and A.23-04-005.

23
24 **Q.4 What is the scope of your responsibility in this proceeding?**

25 A.4 I am sponsoring testimony for Chapter 5.

26
27 **Q.5 Does this complete your testimony at this time?**

28 A.5 Yes, it does.

1 **QUALIFICATIONS AND PREPARED TESTIMONY**
2 **OF**
3 **KAYLA LUTES**

4 **Q.1 Please state your name and address.**

5 A.1 My name is Kayla Lutes. My business address is 505 Van Ness Avenue, San
6 Francisco, California.
7

8 **Q.2 By whom are you employed and what is your job title?**

9 A.2 I am employed by the Public Advocates Office at the California Public Utilities
10 Commission (Cal Advocates) as a Public Utilities Regulatory Analyst in the
11 Electricity Planning and Policy branch.
12

13 **Q.3 Please describe your educational and professional experience.**

14 A.3 I hold a Master's degree of Public Policy from the University of California, San
15 Diego, and a Bachelor of Arts in Political Science and from California Polytechnic
16 University, San Luis Obispo.
17 I joined Cal Advocates as an analyst on the Climate Change Initiative team. I have
18 provided testimony on behalf of Cal Advocates in A.24-05-020.
19

20 **Q.4 What is your area of responsibility in this proceeding?**

21 A.4 I am sponsoring Chapter 6.
22

23 **Q.5 Does that complete your prepared testimony?**

24 A.5 Yes, it does.

APPENDIX B

Supporting Attachments

LIST OF ATTACHMENTS

Attachment #	Description
Attachment 1	SB 410 Senate Floor Analysis September 14, 2023
Attachment 2	SDG&E Response to TURN Data Request No. 1 A.25-04-015
Attachment 3	SDG&E 2024 Biannual Energization Report Aggregate Table – CONFIDENTIAL
Attachment 4	SDG&E Response to Public Advocates Office Data Request No. 2 A.25-04-015
Attachment 5	SDG&E Response to Public Advocates Office Data Request No. 1 A.25-04-015

ATTACHMENT 1

SB 410 Senate Floor Analysis September 14, 2023

UNFINISHED BUSINESS

Bill No: SB 410
Author: Becker (D)
Amended: 9/11/23
Vote: 21

SENATE ENERGY, U. & C. COMMITTEE: 17-0, 4/18/23
AYES: Bradford, Dahle, Ashby, Becker, Caballero, Dodd, Durazo, Eggman,
Gonzalez, Grove, McGuire, Min, Newman, Rubio, Seyarto, Skinner, Wilk
NO VOTE RECORDED: Stern

SENATE APPROPRIATIONS COMMITTEE: 5-0, 5/18/23
AYES: Portantino, Ashby, Bradford, Wahab, Wiener
NO VOTE RECORDED: Jones, Seyarto

SENATE FLOOR: 32-8, 5/24/23
AYES: Allen, Alvarado-Gil, Archuleta, Ashby, Atkins, Becker, Blakespear,
Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez,
Hurtado, Laird, Limón, McGuire, Menjivar, Min, Newman, Padilla, Portantino,
Roth, Rubio, Skinner, Smallwood-Cuevas, Stern, Umberg, Wahab, Wiener
NOES: Dahle, Grove, Jones, Nguyen, Niello, Ochoa Bogh, Seyarto, Wilk

ASSEMBLY FLOOR: 57-2, 9/14/23
(ROLL CALL NOT AVAILABLE)

SUBJECT: Powering Up Californians Act

SOURCE: Coalition of California Utility Employees

DIGEST: This bill requires the California Public Utilities Commission (CPUC) to establish by September 30, 2024, reasonable average and maximum target energization time periods in order to connect new customers and upgrade the service of existing customers to the electrical grid. This bill also requires reporting by electrical corporations and authorizes specified annual cost-recovery, subject to a cap.

Assembly Amendments require the CPUC to periodically update the energization time periods and establish a procedures for customers to report energization delays; find that accelerating customer and generation interconnections is a critical purpose for which compensation by the operator of the Diablo Canyon power plant can be used; clarify how load forecasts can be used; require the CPUC to authorize an electrical corporation within 180 days of the request the use of a ratemaking mechanism; authorize the electrical corporation to track costs for projects placed in service after January 1, 2024; make additional clarifying changes related to the use of a ratemaking mechanism; require the CPUC to require an electrical corporation to agree to retain an independent third-party auditor with specified requirements; and make additional clarifying changes.

ANALYSIS:

Existing law:

- 1) Establishes and vests the CPUC with regulatory authority over public utilities, including electrical corporations. (California Constitution Article XII)
- 2) Requires electrical corporations, as part of their distribution planning processes, to consider that produced fleet data, and other available data, to facilitate the readiness of their distribution systems to support the state's anticipated level of electric vehicle (EV) charging, as specified. (Public Utilities Code §740.21)
- 3) Authorizes the CPUC to establish an expedited distribution grid interconnection dispute resolution process with the goal of resolving disputes over interconnection applications within the jurisdiction of the CPUC in no more than 60 days from the time the dispute is formally brought to the CPUC. (Public Utilities Code §769.5)
- 4) Requires an electrical corporation to permit any new or existing customer who applies for an extension of service from that electrical corporation to install an electric extension in accordance with the regulations of the CPUC and any applicable specifications of that electrical corporation. (Public Utilities Code §783)
- 5) Establishes guidelines for the design, cost allocation, and responsibilities of a project applicant and a utility for electric distribution line extensions necessary to furnish permanent electric service. (Electric Tariff Rule 15)
- 6) Establishes guidelines for the design, cost allocation, and responsibilities of a project applicant and a utility for the extension of electric service from an investor-owned utility (IOU) distribution line. (Electric Tariff Rule 16)

This bill:

- 1) Requires the CPUC to establish, as part of the Powering Up California Act, on or before September 30, 2024, reasonable average and maximum target energization time periods, as defined, and a procedure for customers to report energization delays to the CPUC.
- 2) Requires the CPUC to require the electrical corporation to take remedial actions necessary to achieve the CPUC's targets and requires all reports to be publicly available, among other reporting requirements.
- 3) Requires, as part of each report, including any updates, and in each general rate case application, each electrical corporation to include a detailed analysis of its current qualified staffing level and future required qualified staffing level for each job classification, as specified, among other requirements related to staffing and apprentice training.
- 4) Requires an electrical corporation to consider, in its annual distribution planning process, known load, and projections of load provided by the California Energy Commission (CEC), in addition to certain standards, plans, regulations, policies, and requirements.
- 5) Requires the CPUC, until January 1, 2027, to ensure that each electrical corporation has sufficient and timely recovery of costs.
- 6) Requires the CPUC, if requested by the electrical corporation until January 1, 2027, to authorize, within 180 days of the request, the use of a ratemaking mechanism that, among other things, the electrical corporation to track costs for energization projects placed in service after January 1, 2024, that exceed the costs included in the electrical corporation's annual authorized revenue requirement for energization.
- 7) Requires an electrical corporation, , until January 1, 2027, as part of its request for a ratemaking mechanism, to include in its request specified information, including, among other information, a detailed summary of energization costs authorized in-its current general rate case or any other proceeding.
- 8) Requires, until July 1, 2018, an electrical corporation that requests the use of a ratemaking mechanism, to agree to retain an independent third-party auditor to review the electrical corporation's business practices and procedures for energizing new customers and how the electrical corporation is planning for demand growth, prohibit the electrical corporation from recovering the costs of

the third-party auditor from ratepayers, and require the third-party auditor to report to the CPUC on a biannual basis.

- 9) Authorizes the CPUC to modify or adjust this bill's requirements for any electrical corporation with fewer than 100,000 service connections, as individual circumstances merit. States that bill does not apply to an electrical cooperative.

Background

Connecting to the electric distribution grid. Rules governing the ability of new buildings and generation and storage resources to connect to the electric distribution grid are generally determined by statute, CPUC rules, and tariffs, (i.e., document that specify rates, charges, rules, and conditions under which an electrical corporation will provide services to the public) for each of the electrical corporations. These service connections include:

New service connections refers to extending an electricity line or expanding distribution infrastructure to service new or expanded customer load, known as “energization.”

Electric Tariff Rules 15 and 16 establish the guidelines for design, cost allocation, and responsibilities of a project applicant and a utility for electric distribution line extensions. The ability to connect to the larger electrical system can take months (if not, years, in some cases) as the process can entail the need for designs, assessments on costs allocations associated with improvements on the electric distribution system to allow for the connection, and other issues. In the case of new building developments, depending on the size of the development, the need for electric service extensions may be needed in phases over months, or years.

Growing backlog of utility energization projects. The demands for new service connections and/or upgrades to existing distribution lines have been increasing, especially as California advances policies to deploy more EVs, shift natural gas usages to electricity in buildings, and increase housing supply, including affordable housing. These projects all rely on access to the electric grid and, often require upgrades to the electric distribution system. Additionally, the COVID-19 pandemic has created supply shortages and challenges affecting many sectors of the economy, including supply shortages for electrical equipment needed to connect new customers or expand energy load, such as transformers. Delays and challenges have been especially acute within the Pacific Gas & Electric (PG&E) service territory as the backlog for energization projects has grown substantially and delays have increased. The utility has acknowledged the growing backlog of

identified capacity work that has delayed – sometimes by years – the in-service dates for new business customers. PG&E has shared that it is attempting to better manage their queue for projects. The utility recently formed a monthly Technical Committee work group with representatives from their labor partners, California Building Industry Association, and regional building association staff and members to work on all technical and field issues. These monthly meetings are used to provide updates on the actions underway to improve the new service connection process, the impacts of those actions and next steps. Additionally, these meetings are used to collaborate and collect feedback on the improvement efforts and to address emerging areas of concern or interest. Nonetheless, the backlog is a growing frustration for the project developers, customers, local governments, and others waiting to have their projects energized.

CPUC adopts resolution to address energization timing. In response to a proposal from the electric IOUs, the CPUC issued Resolution E-5247 in December 2022, which establishes an interim 125-business day average service energization timeline for projects taking service under the EV Infrastructure Rules. This timeline excludes projects that must go through Rule 15 for distribution upgrades, projects above two megawatts, and projects that require upgrades to a substation. The resolution directs the IOUs to collect one year of EV Infrastructure Rule implementation data to inform an updated proposal for a permanent service energization timeline.

Comments

Need for legislation. New service connections and upgrades to the distribution system are generally a routine and core electric utility function. Unfortunately, the growing backlog of projects, especially in PG&E service territory, has led to frustrated customers, including affordable housing developers, local governments, and many others. These frustrations have sparked the desire for legislation to address the problem. As the process to energize projects entails many factors and stakeholders, it can be challenging to pinpoint the areas of delay and reasonable timelines for projects whose timing can be affected by many variables, including those outside the control of the utility. The extensive backlog of capacity projects at the state's largest electric utility may be unique to their service territory, the management of their project queue, and unique issues to their system. However, other utilities could begin to suffer backlogs with the growing demands for: EV charging infrastructure, increased electrification of buildings, and the need for more housing, especially affordable housing, and other demands on the electric distribution system.

Need for certainty – including average reasonable and targets for maximum time periods. This bill requires, by September 30, 2024, the CPUC to establish targets for reasonable average and maximum target energization time periods in order to provide customers with more certainty about the expected time period to connect to the electrical grid. By requiring the time periods and related reporting by the electric IOUs, the bill attempts to provide more accountability of the pace of these projects in the hopes of preventing future delays and backlogs.

Workforce requirements. This bill includes language regarding workforce elements, including requiring adequate qualified staffing and apprentices in the pipeline. The sponsor of this bill notes the language regarding maintaining apprenticeship pipeline that supports safe staffing ratios is reflected in recent PG&E General Rate Case settlements approved by the CPUC. By including similar language in this bill, the sponsors aim to require this provision of the other electric IOUs.

Costs to ratepayers. This bill authorizes electric IOUs to recover costs for energization projects that exceed the approved revenue requirement on an annual basis. This bill attempts to limit impacts on electric ratepayers by subject these costs to CPUC review for just and reasonableness and an annual cap on the amount that may be recovered, as well as, other requirements to mitigate cost impacts. Nonetheless, these cost could result in increasing rates to electric ratepayers. Recent amendments attempt to further address these concerns by stating that the costs of these projects is considered eligible use from the compensation afforded to PG&E as part of the extension of Diablo Canyon powerplant. Additionally, this bill requires electric IOUs who request the use of the ratemaking mechanism to retain a third-party auditor to review the utility's business practices and procedures for energizing customers and how the utility is planning for demand growth.

Related/Prior Legislation

AB 50 (Wood, 2023) requires the CPUC, by July 1, 2025, to determine the criteria for customers to receive timely electricity service when requesting new service connections or upgraded service, known as “energization.” The bill proposes several policies to address delays in connecting customers to the electrical grid, including improved information sharing with local governments, reporting by electric IOUs, and other measures. The bill is pending on the Senate Floor.

AB 2700 (McCarty, Chapter 354, Statutes of 2022) required the CEC to gather and report fleet data needed to support utilities' plans for grid reliability and enhanced vehicle electrification. The bill also required utilities to report how distribution

investments made pursuant to the bill support climate goals as part of specified filings with the CEC and CPUC.

AB 1026 (Wood, Chapter 446, Statutes of 2019) required an electrical or gas corporation to apply only those construction and design specifications, standards, terms, and conditions that are applicable to a new extension of service project for the 18 months following the date the application for a new extension of service project is approved. Authorized an electrical or gas corporation to adopt modifications, as specified, of the construction and design specifications, standards, terms, and conditions of a new extension of service project.

AB 2861 (Ting, Chapter 672, Statutes of 2016) authorized the CPUC to establish an expedited dispute resolution process for generating facility interconnection disputes.

SB 48 (Vuich, Chapter 1229, Statutes of 1983) established rules governing the extension of service by gas and electrical corporations to new residential, commercial, agricultural, and industrial customers.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Assembly Appropriations Committee, this bill will entail significant new workload for the CPUC, with anticipated needs of 15 positions at an annual cost of approximately \$3 million – two administrative analysts (\$120,000 each), two administrative managers (\$161,000 each), one attorney (\$261,000), one administrative law judge (\$237,000), six regulatory analysts (one at \$179,000 and five at \$210,000), two utilities engineers (one at \$209,000 and one at \$261,000) and one supervisor (\$264,000) – as well as annual costs of \$500,000 for five years for third-party contracts to provide engineering, statistical and economic expertise not available at the CPUC.

SUPPORT: (Verified 9/12/23)

Coalition of California Utility Employees (source)

350 Bay Area Action

350 Humboldt, Grassroots Climate Action

ABB E-mobility, Inc.

Acterra: Action for a Healthy Planet

Advanced Energy United

Affinity Truck Center, Fresno

Alliance for Automobile Innovation

Alliance of Nurses for Healthy Environments

American Institute of Architects California
American Lung Association
American Nurses Association-California
Bay Area Air Quality Management District
bp pulse fleet
Breathe Southern California
BUDDIGA Family Allergy
BYD Motors
California Building Industry Association
California Chamber of Commerce
California Housing Partnership
California New Car Dealers Association
California State Association of Electrical Workers
California Transit Association
CALSTART
Carbon Free Palo Alto
Carbon Free Silicon Valley
ChargePoint Inc.
City of San José
Clean Power Alliance
Climate Action California
Climate Action Campaign
Coalition for Clean Air
Coltura
Communities for a Better Environment
Contra Costa County
County of Butte
Daimler Truck North America
Dependable Highway Express
DHL
Dobbs Peterbilt
E2
East Bay Community Energy
Elders Climate Action, NorCal Chapter
Elders Climate Action, SoCal Chapter
Electric Vehicle Charging Association
Electrification Coalition
Environment California
Environmental Defense Fund
EV Noir

Foothill Transit
Forum Mobility
Gateway Truck & Refrigeration
General Motors
Greenlatinos
Housing Action Coalition
Indivisible San Jose
Inland Action, Inc.
Inland Empire Economic Partnership
International Brotherhood of Electrical Workers, Local 11
Los Angeles Cleantech Incubator
Maersk Shipping
Menlo Spark
Mightycomm
Natural Resources Defense Council
Navistra Inc.
NextEra Energy Resources
NFI Industries
Nikola Motor
Pacific Environment
Pioneer Community Energy
Port of Long Beach
Port of San Diego
Prologis
Public Health Advocates
RMI
Rosenbauer America
Rural County Representatives of California
San Francisco Bay Physicians for Social Responsibility
San Pedro & Peninsula Homeowners Coalition
SanDiego350
Schneider Electric
Service Employees International Union California State Council
Sierra Club California
Silicon Valley Clean Energy
Silicon Valley Leadership Group
Sonoma Clean Power
South Coast Air Quality Management District
SPUR
Sustainable San Mateo County

Tesla
Trova Commercial Vehicles, Inc.
Truck and Engine Manufacturers Association
Union of Concerned Scientists
Volvo Group North America
WattEV
Western Truck Center
Workhorse Group Inc.
Xos Fleet, Inc.
One individual

OPPOSITION: (Verified 9/8/23)

The Public Advocates Office
The Utility Reform Network

ARGUMENTS IN SUPPORT: According to the author, “As more homes and businesses are built, as they switch over to climate-friendly electric appliances, and as they install EV chargers or rooftop solar, the upgrades needed to the electricity distribution system continue — and will continue — to grow. In the long run, planning for this increased electricity grid capacity will require planning and cost foresight from electrical utilities, in partnership with the PUC, to meet the SB 100 (de León, 2018) energy transition goals. However, recent complaints from customers around California indicate unreasonable response times to interconnect new resources or upgrade. For example, delays for connecting electric vehicle fast chargers were around 70 weeks in PG&E territory in 2022. The slow connection of critical climate appliances and resources could inhibit California’s targets to decarbonize buildings and clean the grid. This legislation requires the PUC to improve existing delays in interconnections, as well as plan for future ones.”

ARGUMENTS IN OPPOSITION: The Utility Reform Network (TURN) and the Public Advocates Office (PAO) opposed this bill due to the mandatory approval of a financial ratemaking mechanism in this bill. They have sought changes to the cost recovery mechanism in this bill. Recent amendments to this bill are intended to address some of these concerns. However, TURN and PAO remain opposed unless amended. TURN contends: “the full extent of PG&E’s energization backlog, and recent efforts to resolve the backlog is due to poor forecasting or PG&E’s decision to reallocate funds to other projects.”

Prepared by: Nidia Bautista / E., U. & C. / (916) 651-4107
9/14/23 14:57:56

**** END ****

ATTACHMENT 2
SDG&E Response to TURN Data Request No. 1
A.25-04-015

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

RESPONSES TO REQUESTS

GENERAL OBJECTION

SDG&E objects to each and every data request, and to the general instructions that precede the individual data requests, to the extent that they purport to impose any obligation on SDG&E greater than or different from that imposed by Rule 10.1 of the California Public Utilities Commission's Rules of Practice and Procedure. This objection includes any request that SDG&E provide the names of every person who contributed to the preparation of a given response.

REQUEST 1

1. Calculate the revenue requirement impact in 2025, 2026, 2027, 2028 and 2029 under the following two scenarios:
 - a. SDG&E's application is approved without modification and all forecasted costs are incurred.
 - b. SDG&E's application is rejected and all forecasted incremental energization costs are approved in the next General Rate Case.

SDG&E RESPONSE

SDG&E objects to Request 1.b under Rule 10.1 of the Commission's Rules of Practice and Procedure to the extent it seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is reasonably calculated to lead to the discovery of admissible evidence. SDG&E further objects to this request to the extent it seeks information relating to time periods that are beyond the scope of the proceeding. SDG&E also objects to the request on the grounds that it would impose an undue burden on SDG&E by requiring it to perform studies, analyses, or calculations or to create documents that do not currently exist. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

- a. The following is the annual revenue requirement impact for 2025-2029, based on the forecast incremental energization direct capita only, should SDG&E's application be approved without modification:

<i>(nominal dollars in millions)</i>	2025	2026	2027	2028	2029
Incremental Revenue Requirement	\$14.0	\$39.8	\$54.1	\$53.7	\$52.5

The amount collected in rates will differ from that indicated above due to a lag in spending versus collection

- b. The following is the annual revenue requirement impact for 2025-2027, based on the fully loaded forecast incremental energization capital costs only, should SDG&E's application be rejected:

<i>(nominal dollars in millions)</i>	2025	2026	2027
Incremental Revenue Requirement	\$0.0	\$0.0	\$0.0

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

In this scenario there will be no authority to collect additional revenues in rates for 2025-2027.

Revenue requirements for 2028 and 2029 will be based on the Application's forecast of capital expenditures in years 2026-2028, which will be submitted in May 2026 for the next General Rate Case (GRC) test-year.

SDG&E notes that if the Commission does not authorize the use of SDG&E's proposed SB 410 ratemaking mechanism, there will be consequences on SDG&E's business activities that, at this time, have unknown impacts on future revenue requirements. Absent the incremental funding requested in this application, SDG&E will need to reprioritize work in order to energize customer loads in accordance with SDG&E's obligation to serve. This reprioritization will create unknown impacts on other revenue requirement streams that would be included in SDG&E's next GRC.

REQUEST 2

2. On testimony pages ED-1 and ED-2, SDG&E states that "to the extent those revenue requirements exceed the amounts authorized by the CPUC in D.24-12-074 (the final decision in SDG&E's TY 2024 GRC), SDG&E will annually transfer those incremental amounts to the [EEMA] for recovery from customers." Identify the specific revenue requirements authorized in D.24-12-074 that would be used as the basis for this comparison.

SDG&E RESPONSE

The dollars in the table below represent the revenue requirement associated with the fully-loaded 2024 test-year authorized energization-related capital expenditures and the 3% annual escalation from the adopted post-test (PTY) mechanism. The authorized revenue requirements will be compared against the recorded revenue requirement resulting from capital expenditures that exceed imputed authorized. This calculation will be done at the time of the recording of costs in the EEMA.

<u>(dollars in millions)</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Revenue Requirement	\$3.1	\$3.2	\$3.3	\$3.4

REQUEST 3

3. On testimony page ED-3, SDG&E references "the actual fully loaded costs" of energization work.
 - a. Explain how the "actual fully loaded costs" are calculated. Provide workpapers and citations to explain any adjustments SDG&E proposes to apply to energization costs to ensure they are "fully loaded."
 - b. Are the authorized revenue requirements against which these costs would be

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

compared also “fully loaded” under SDG&E’s approach? If yes, provide workpapers and citations to demonstrate the adjustments included in the GRC revenue requirements.

SDG&E RESPONSE

- a. “Actual fully loaded costs” are direct costs plus indirect costs. The loading of indirect costs is performed by applying overhead rates on eligible direct costs charged to capital orders. SDG&E maintains several overhead cost pools for indirect actual costs, including engineering, purchasing, contract administration, administrative & general support, employee benefits, vacation & sick, among others. All eligible actual direct costs incurred are identified, the related overhead rate calculations are performed, and the resulting indirect costs are applied.
- b. Yes. Under this approach the authorized revenue requirements would also be fully loaded and calculated using the Results of Operation (RO) model that supports the final 2024 GRC decision. An internal process involving the RO model is used to quantify the indirect costs revenue requirement embedded in the total authorized revenue requirement.

REQUEST 4

- 4. On testimony page ED-3, SDG&E asserts that “transformers, meters and land” would be recorded to the EEMA upon the date of purchase rather than upon the date they are placed in service.
 - a. Is the CPUC required to allow SDG&E to add the costs of “transformers, meters and land” to ratebase upon the date of purchase? If so, identify any relevant precedents or citations to support this claim.
 - b. Identify all prior CPUC decisions that authorized SDG&E to add the costs of “transformers, meters and land” to ratebase upon the date of purchase.
 - c. Does the CPUC routinely allow SDG&E to include in ratebase, and begin charging customers, for distribution system costs that have not yet been placed into service? If yes, provide citations for prior examples of the CPUC allowing this treatment.
 - d. In SDG&E’s most recent General Rate Case (A.22-05-016), did SDG&E request the inclusion of meters, transformers and land in ratebase at the time of purchase rather than at the time these assets are placed into service? If yes, identify the volume(s) of testimony that address this request.
 - e. Identify the meter, transformer and land costs attributable to items purchased, but not yet placed into service, that were collected in customer rates in 2022, 2023 and 2024.
 - f. For year end 2022, 2023 and 2024, provide SDG&E’s Construction Work In Progress balances (shown separately) for meters, transformers and land.

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

SDG&E RESPONSE

- a. As referenced in Mr. Dalton’s testimony the basis for the accounting for transformers, meters, and land in plant upon purchase is clearly enunciated in the Code of Federal Regulations at Title 18, Chapter I, Subchapter C, Part 101 – Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act.¹ The FERC Uniform System of Accounts (“USOA”) set forth in Part 101 not only provides a listing of the nearly 450 defined accounts to be used by public utilities, but also includes detailed descriptions of the various financial activities that are to be recorded under each account. In addition, it outlines instructions and definitions for use in applying the system of accounts by electric utilities. Adherence to the FERC USOA allows for consistent accounting treatment of events and expenditures to ensure proper capitalization, cost recovery, and uniformity in internal and external reporting. Moreover, Pub. Util. Code section 793 states that “[t]he system of accounts and the forms of accounts, records, and memoranda prescribed by the commission for corporations subject to the regulatory authority of the United States, ***shall not*** be inconsistent with the systems and forms from time to time established for such corporations by or under the authority of the United States.” (emphasis added).

This accounting treatment has been reflected in SDG&E’s prior GRC proceedings at the Commission and the FERC, and is currently being used to recover the distribution- and transmission-related costs SDG&E incurs to purchase transformers, meters, and land.

With respect to the accounting treatment of transformers, FERC USOA Account 368 Line Transformers states:

“This account shall include the cost installed of overhead and underground distribution line transformers and pole type and underground voltage regulators owned by the utility, for use in transforming electricity to the voltage at which it is to be used by the customer, whether actually in service or held in reserve.”²

Similarly, with respect to meters, FERC USOA Account 370 Meters states,

“This account shall include the cost installed of meters or devices and appurtenances thereto, for use in measuring the electricity delivered to its users, whether actually in service or held in reserve.”³

Land is also considered to be available for use upon acquisition pursuant to Title 18 Part 101 – in particular Electric Plant Instructions No. 7 Land and Land Rights and Electric Plant Instructions No. 8 Structures and Improvements.⁴ These instructions indicate that only the cost to acquire the land is included in the land accounts, with all subsequent expenditures

¹ 18 C.F.R. pt. 101 (1960).

² Id. at account 368 Line Transformers (emphasis added).

³ Id. at account 370 Meters.

⁴ Id. at Electric Plant Instructions.

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

(e.g., for grading, landscaping) to be recorded to the structures and improvement accounts. This separation of the acquisition costs from the improvement costs provides for the immediate recording of land into FERC USOA Account 101 Plant in Service whereas the improvements are recorded to FERC USOA Account 107, Construction Work in Progress – Electric.

- b. As noted above, SDG&E has applied the Code of Federal Regulations and has recorded costs associated with transformers, meters, and land in plant upon purchase and this treatment has been reflected in our prior GRC proceedings.
- c. As noted above, SDG&E has applied the Code of Federal Regulations and has recorded costs associated with transformers, meters, and land in plant upon purchase and this treatment has been reflected in our prior GRC proceedings.
- d. In SDG&E's most recent General Rate Case (A.22-05-016) at the Commission, the testimony for each of the business areas or cost categories focuses on the amount and timing of capital expenditures. The rate base testimony focuses on the components included in rate base (plant in service, accumulated depreciation, etc.). These components are used to calculate the requested revenue requirement. Although the balance of plant in service is a component of rate base, the testimony does not specifically go into detail about the timing of when each asset or FERC account is included in plant. SDG&E's practice of including transformers, meters, and land in plant upon purchase, is reflected in this proceeding.
- e. Not applicable as transformers, meters and land are added to plant (i.e., "placed into service") upon purchase.
- f. Not applicable as transformers, meters and land are added to plant upon purchase.

REQUEST 5

- 5. Identify the costs of transformers, meters and land purchased in 2024, 2025 and 2026 that SDG&E proposes to recover based on the time of purchase via the SB 410 ratemaking mechanism.

SDG&E RESPONSE

Actual (year 2024) and forecast (years 2025 and 2026) incremental costs for transformers, which are included in the "Materials" Cost Category, are provided in Table 8 – Incremental Cost Forecast for Transformers on Page BB-26 of Exhibit No. SDG&E-1.

Actual (year 2024) and forecast (years 2025 and 2026) incremental costs for "substation land acquisition" are provided in Table 2 – Incremental Category A. Capacity / Expansion Energization Related Costs on Page BB-14 of Exhibit No. SDG&E-1. Note that no substation land acquisition occurred during calendar year 2024.

Meter purchases are not included within the scope of A.25-04-015.

REQUEST 6

- 6. Identify the recorded costs in 2022, 2023 and 2024 incurred by SDG&E for the purchase of distribution system transformers, meters and land.

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

- a. For each year of data, identify the portion of transformers and meters procured in response to requests by customers for new or expanded service.
- b. For 2024, identify the portion of recorded costs for meters and transformers that SDG&E asserts are associated with SB 410 eligible work.

SDG&E RESPONSE

SDG&E objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure to the extent it seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is reasonably calculated to lead to the discovery of admissible evidence. SDG&E further objects to this request to the extent it seeks information relating to time periods that are beyond the scope of the proceeding. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

In the years 2022, 2023 and 2024, SDG&E did not incur any land procurement costs related to energization work. Meters are not included within the scope of A.25-04-015. Regarding transformers:

- a. In general, SDG&E procures service transformers at a system level considering historical deployment patterns and input from the affected SDG&E business units. SDG&E does not procure service transformers based on specific requests by customers for new or expanded service. Support for the percentage of transformers attributable to New Business needs is provided in SDG&E's workpaper titled, "*A.25-04-015 Transformer Costs.xlsx*".
- b. See SDG&E's response to Request 5.

REQUEST 7

7. Provide SDG&E's forecasted purchase costs in 2025, 2026 and 2027 for distribution- level transformers, meters and land.
 - a. Identify the costs for each of these items that SDG&E proposes to be eligible for interim rate recovery pursuant to SB 410.
 - b. For each year of data, identify the portion of transformer, meter and land costs expected to be attributable to requests by customers for new or expanded service.

SDG&E RESPONSE

SDG&E objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure to the extent it seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is reasonably calculated to lead to the discovery of admissible evidence. SDG&E further objects to this request to the extent it seeks information relating to time periods that are beyond the scope of the proceeding. SDG&E further objects to the request on the grounds that it would impose an undue burden on SDG&E by requiring it to perform studies, analyses, or calculations or to create documents that do not currently exist. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

See SDG&E’s response to Request 5.

SDG&E does not have a forecast for year 2027 as the SB 410 mechanism is limited to energization-related incremental expenditures during the years 2024, 2025, and 2026.

REQUEST 8

8. For purposes of recovery in the EEMA, explain how SDG&E plans to distinguish between meters, transformers and land procured for the following purposes:
- a. to meet energization needs (pursuant to SB 410)
 - b. to meet needs associated with distributed energy resources
 - c. to support generation.
 - d. to support transmission.
 - e. to meet other distribution system needs.

SDG&E RESPONSE

For the “Materials” category SDG&E does not track procurement by budget code. Because—pursuant to long-standing practice—transformers are capitalized when purchased, SDG&E determined the amount eligible for recovery under the proposed SB 410 ratemaking mechanism through use of an average purchase price and the budget code the transformer was issued to.

For the “substation land acquisition” cost within the Capacity/Expansion Category, SDG&E will separately track land procurement expenses specifically related to new substations required due to load growth. To ensure appropriate cost recovery under the SB 410 ratemaking mechanism, these costs will be distinctly identified and segregated from land acquisition activities undertaken for other business purposes.

Meters purchases are not included within the scope of A.25-04-015.

REQUEST 9

9. Provide a forecast of the portion of meter, transformer and land costs eligible for SB 410 treatment that were placed in service at the end of 2024 and are expected to be placed into service by the end of 2025 and 2026. Provide workpapers explaining SDG&E’s methodology for making any determinations regarding the portion of these items attributable to SB 410 projects and the expected in-service dates of SB 410- eligible projects.

SDG&E RESPONSE

Tables 2 (located on BB-14 of SDG&E-1) and 6 (located on BB-26 of SDG&E-1) provide the forecast of the portion of transformer and land costs eligible for SB 410 treatment that were placed in service at the end of 2024 and are expected to be placed into service by the end of 2025 and 2026.

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

For transformer costs in the Materials Category, see SDG&E's response to Request 5. Further, SDG&E's workpaper, "*A.25-04-015 Transformer Costs.xlsx*" provides the methodology for determining SB 410-eligible incremental costs for service transformers.

For the "substation land acquisition" costs in the Capacity/Expansion Category, SDG&E has provided the estimated timeline for each substation land purchase in its workpapers (*A.25-04-015 Incremental Costs Forecast.xlsx*, "Capacity-Expansion TM1 Data" tab). These land purchases are estimated to occur during the years 2025 and 2026 and are therefore included in the SB 410 cost estimates.

Meter purchases are not included within the scope of A.25-04-015.

REQUEST 10

10. On page ED-5 of testimony, SDG&E offers the following paragraph:

While SB 410 requires the utility to track its energization-related expenditures, it does not condition cost recovery on a line-item comparison between SDG&E's actual energization-related costs and the corresponding energization-related costs adopted by the Commission in its final decision on SDG&E's 2024 GRC application. In other words, actual energization-related costs for some cost categories could be more or less than what the Commission adopts for those cost categories; but for SB 410 cost recovery purposes, it is the comparison of total actual energization-related costs to total Commission-adopted energization costs that determines the amount to be collected from ratepayers.

- a. Provide an illustrative example of a situation where "actual energization- related costs for some cost categories could be more or less than what the Commission adopts for these cost categories."
- b. Provide an illustrative example of a situation where "for SB 410 cost recovery purposes, it is the comparison of total actual energization-related costs to total Commission-adopted energization costs that determines the amount to be collected from ratepayers."
- c. What is the basis for SDG&E's claim that SB 410 does not require a "line-item comparison between SDG&E's actual energization-related costs and the corresponding energization-related costs adopted by the Commission in its final decision on SDG&E's 2024 GRC application."?
- d. Explain the difference between the approaches described in (a), (b) and (c).

SDG&E RESPONSE

SDG&E objects to this request on the grounds that it calls for speculation. Subject to and without waiving the foregoing objection, SDG&E responds as follows:

- a. See attached Excel file titled, "*SDG&E SB 410 Illustrative Example.xlsx*" for an example showing how "actual energization-related costs for some cost categories

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

could be more or less than what the Commission adopts” in the GRC for the cost categories discussed in SDG&E’s application. In the illustrative example, actual incremental costs in the years 2025 and 2026 for some cost categories turn out to be higher than SDG&E estimated in its application; others turn out to be lower. The overall result is that incremental costs across the 2024-2026 period turned out to be higher than estimated. Under SDG&E’s proposed ratemaking mechanism, the fully loaded revenue requirements associated with the direct incremental capital expenditures shown in cells Q15-Q18 would be placed into rates beginning in year 2028.

- b. See attached Excel file titled, “*SDG&E SB 410 Illustrative Example.xlsx*” provided in response to Request 10.a. The differences between (i) the total actual energization-related direct capital costs shown in cells R15-R18, and (ii) the comparable Commission-adopted energization costs shown in cells P15-P18, would determine the revenue requirement to be collected from ratepayers under SDG&E’s proposed SB-410 ratemaking mechanism. (These differences are the amounts shown in cells Q15-Q18).
- c. Section 937. (b) of SB 410 specifies that:

If requested by the electrical corporation, the commission shall authorize, within 180 days of the request, the use of a ratemaking mechanism that...
(5) Prevents the electrical corporation from recovering any costs through the mechanism in any year until its recorded spending for energization projects exceeds its annualized revenue requirements for energization projects as established in the electrical corporation’s general rate case.

While SB 410 “requires costs to be tracked using the same cost categories as used by the electrical corporation in its general rate case application,”⁵ SB 410 does not impose a category-by-category limitation on cost recovery; i.e., SB 410 allows the utility to propose a ratemaking mechanism that compares aggregate energization-related spending to aggregate GRC-authorized spending for purposes of determining if, when, and the extent to which, “recorded spending” has exceeded GRC-authorized spending.

- d. SDG&E’s responses to Requests 10.a, 10.b and 10.c do not result in any “difference between the approaches.”

REQUEST 11

- 11. On page ED-7 of testimony, Table 1 displays “incremental direct energization costs”.
 - a. For “capacity/expansion” costs, provide a breakdown of costs by budget code by year.
 - b. For “materials” costs, provide a breakdown of costs by budget code by year.
 - c. For “new business” costs, provide a breakdown of costs by budget code by year.
 - d. For “enhancements” costs, provide a breakdown of costs by budget code by year.

SDG&E RESPONSE

⁵ SB 410, section 937. (b) (4).

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

Footnote 9 in Exhibit No. SDG&E-2 notes that Table 1 on page ED-7 is presented and discussed in the Direct Testimony of Matt Belden and Nathan Bruner and summarized in Table 11 of Exhibit No. SDG&E-1. Table 11 of Exhibit No. SDG&E-1 presents a summary of cost information presented in Table 2 (page BB-14 of testimony), Table 6 (page BB-23 of testimony), Table 8 (page BB-26 of testimony), and Table 9 (page BB-28 of testimony).

- a. An annual breakdown of costs by workpaper for the “Capacity/Expansion” category is provided in Table 2 (page BB-14 of testimony). Further breakdown of costs including budget codes is provided within SDG&E’s workpapers (see Excel file “*A.25-04-015 Incremental Costs Forecast.xlsx*”, “Capacity-Expansion TM1 Data” tab).
- b. An annual breakdown of costs by workpaper for the “Materials” category is provided in Table 8 (page BB-26 of testimony). Further breakdown of costs including budget codes is provided within SDG&E’s workpapers (see Excel file “*A.25-04-015 Transformer Costs.xlsx*”).
- c. An annual breakdown of costs by workpaper for the “New Business” category is provided in Table 6 (page BB-23 of testimony). Further breakdown of costs including budget codes is provided within SDG&E’s workpapers (see Excel file “*A.25-04-015 Incremental Costs Forecast.xlsx*”, “Summary” tab).
- d. An annual breakdown of costs by project for the “IT Enhancements” category is provided in Table 9 (see BB-28 of testimony). Further, this breakdown of costs is also provided within SDG&E’s workpapers (see Excel file “*A.25-04-015 IT Enhancements.xlsx*”). Note, the projects do not have an assigned workpaper/budget code as the anticipated work has not been previously authorized in a General Rate Case.

REQUEST 12

12. On page ED-7 of testimony, SDG&E states “the incremental direct energization costs SDG&E provides are estimated and only reflect information SDG&E is aware of at the time of this application.” Identify (and provide) all sources of information SDG&E relied upon to develop the forecast of incremental direct energization costs.

SDG&E RESPONSE

- a. For the “Capacity/Expansion” category, the sources of information and methodology used to develop SDG&E’s forecast of incremental direct capital costs are described in Section III.A.2 and Section III.A.3 of Exhibit No. SDGE-1.
- b. For the “New Business” category, the sources of information used to develop SDG&E’s forecast of incremental direct capital costs are described on page BB-22-24 of testimony.
- c. For the “Materials” category, the source of information used to develop SDG&E’s

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

forecast of incremental direct capital costs are described in Section III.C of Exhibit No. SDG&E-1 and included in SDG&E's workpapers (see "*A.25-04-015 Transformer Costs.xlsx*") which relies on SDG&E's Systems, Applications, and Products in Data Processing (SAP) system.

- d. For the "IT Enhancements" category, the sources of information used to develop SDG&E's forecast of incremental direct capital costs are based on a high-level understanding of the anticipated work scope at the time of preparation of SDG&E's workpapers. This estimated cost of development assumed commonly used IT delivery roles, a capacity-based team structure, and average rates of labor and non-labor.

REQUEST 13

- 13. On page ED-8 of testimony, SDG&E reviews the scope of work to be performed by the third-party auditor. Provide the following materials referenced in this section:
 - a. "the utility's business practices and procedures for energizing new customers"
 - b. "projections of customer demand" through 2027
 - c. "utility staffing levels" in 2022, 2023, 2024, 2025 (forecasted) and 2026 (forecasted)

SDG&E RESPONSE

SDG&E objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure to the extent it seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is reasonably calculated to lead to the discovery of admissible evidence. SDG&E further objects to this request to the extent it seeks information relating to time periods that are beyond the scope of the proceeding. SDG&E further objects to the request on the grounds that it would impose an undue burden on SDG&E by requiring it to perform studies, analyses, or calculations or to create documents that do not currently exist. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

The Commission has not approved a third-party auditor and SDG&E has not entered into a contract with an independent third-party auditor. As such, the specific materials that are referenced in the scope of work, and that will ultimately be provided to the auditor, have not been finalized. Consistent with the requirements set forth in the Public Utilities Code, SDG&E anticipates that the information provided to the auditor will be developed in consultation with the approved auditor to ensure the auditor has the requisite information necessary to effectively carry out the scope of work. That scope will be further refined and operationalized once a contract is executed and the audit process begins. Accordingly, it is premature at this time to identify or produce materials in response to this request. Such material may not align with the actual information ultimately requested by and shared with the auditor.

REQUEST 14

- 14. Provide the following information on SDG&E's use of internal labor vs. outside contractors to perform energization work:

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

- a. The portion (and costs) of “capacity/expansion” work performed by internal labor vs. contractors in 2022, 2023, and 2024. Provide a forecast of the portion of such work to be performed by internal labor vs. contractors in 2025, 2026, and 2027. Identify the expected unit costs for internal labor vs. contractors in each of the requested years.
- b. The portion (and costs) of “materials” work performed by internal labor vs. contractors in 2022, 2023, and 2024. Provide a forecast of the portion of such work to be performed by internal labor vs. contractors in 2025, 2026, and 2027. Identify the expected unit costs for internal labor vs. contractors in each of the requested years.
- c. The portion (and costs) of “new business” work performed by internal labor vs. contractors in 2022, 2023, and 2024. Provide a forecast of the portion of such work to be performed by internal labor vs. contractors in 2025, 2026, and 2027. Identify the expected unit costs for internal labor vs. contractors in each of the requested years.
- d. The portion (and costs) of “enhancements” work performed by internal labor vs. contractors in 2022, 2023, and 2024. Provide a forecast of the portion of such work to be performed by internal labor vs. contractors in 2025, 2026, and 2027. Identify the expected unit costs for internal labor vs. contractors in each of the requested years.

SDG&E RESPONSE

SDG&E objects to this request under Rule 10.1 of the Commission’s Rules of Practice and Procedure to the extent it seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is reasonably calculated to lead to the discovery of admissible evidence. SDG&E further objects to this request to the extent it seeks information relating to time periods that are beyond the scope of the proceeding. SDG&E further objects to the request on the grounds that it would impose an undue burden on SDG&E by requiring it to perform studies, analyses, or calculations or to create documents that do not currently exist. In addition, SDG&E objects to the request to provide the actual and the breakdown of costs for work performed by internal labor versus contractor labor in 2022 and 2023 as the 2022 and 2023 costs are outside the scope of this proceeding. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

- a. For the “Capacity/Expansion” category, the estimated company labor percentage for 2025 and 2026 is provided in Column K -M within SDG&E’s workpapers (see “*A.25-04-015 Incremental Costs Forecast.xlsx*”, “Summary” tab). Direct costs is the total of Labor and Non-Labor costs. Labor costs can be calculated by multiplying the direct costs in columns E:G of this tab by the corresponding labor percentage from columns K:M. See SDG&E’s response to Request 34.a and 34.b for details on labor percentages. Non-Labor costs include total of services, materials, and other non-labor as applicable. SDG&E does not have a forecast for 2027. SDG&E does not maintain unit cost estimates that distinguish between internal labor and contractor labor.
- b. For the “Materials” category, there is no request associated with labor.

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

- c. For the “New Business” category, the estimated company labor percentages for 2025 and 2026 are included in Columns K-M within SDG&E’s workpapers (see “*A.25-04-015 Incremental Costs Forecast.xlsx*”, “Summary” tab). Direct costs is the total of Labor and Non-Labor costs. Labor costs can be calculated by multiplying the direct costs in columns E:G of this tab by the corresponding labor percentage from columns K:M. See SDG&E’s response to Request 34.a and 34.b for details on labor percentages. SDG&E does not have a forecast for 2027. SDG&E does not maintain unit costs that distinguish between internal labor and contractor labor.
- d. For “IT Enhancements” category, the labor and non-labor costs estimates for 2024, and estimates for 2025, and 2026 are provided in SDG&E workpapers (see “*A.25-04-015 Incremental Costs Forecast.xlsx*”, “Summary” tab). Direct costs is the total of Labor and Non-Labor costs. Labor costs can be calculated by multiplying the direct costs in columns E:G of this tab by the corresponding labor percentage from columns K:M. See SDG&E’s response to Request 34.a and 34.b for details on labor percentages. SDG&E does not have a forecast for 2027. SDG&E does not maintain unit costs that distinguish between internal labor and contractor labor.

REQUEST 15

15. On page BB-5 of testimony, SDG&E states that “since filing the GRC, there was an uptake in state policies for electrification”. Identify all data SDG&E relied upon in making this statement.

SDG&E RESPONSE

SDG&E objects to this request on the grounds that its request for “all data” is overbroad and unduly burdensome. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

As discussed in Exhibit No. SDG&E-1, since 2018 – when inputs for the 2019 IEPR load forecast used in SDG&E’s 2024 GRC application were being assembled – there have been a steady stream of new electrification regulations, rules, and initiatives. The anticipated impacts of these regulations, rules, and initiatives, are beginning to be reflected in successive IEPR load forecast updates. SDG&E’s testimony points out that the most recent IEPR load forecasts are higher than the 2019 IEPR load forecast, largely the result of the expected increase in electrification.

The “uptake in state policies for electrification” include, but are not limited to, the following:

- Governor’s Executive Order N-79-20
- Senate Bill 410 (2023) – Powering Up Californians Act
- Assembly Bill 50 (2023)
- Advanced Clean Cars II – California Air Resources Board (CARB)
- Building Initiative for Low Emissions Development (BUILD) program
- Building Decarbonization Codes
- Green Building Standard - CALGreen
- Senate Bill 1477 (2018)

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

- Zero Emission Assurance Project (ZAP)
- Zero-Emission Appliance Standards
- Innovative Clean Transit Regulation
- Zero-Emission Airport Shuttle Regulation
- Advanced Clean Trucks (ACT) Regulation
- Advanced Clean Fleets (ACF) Regulation
- Zero-Emission Transport Refrigeration Unit (TRU) Regulation
- Title 24 – California Building Energy Efficiency Standards
- Assembly Bill 1279 – California Climate Crisis Act
- In-use Off Road Diesel Fueled Fleets
- In-use Locomotive
- Commercial Harbor Craft (CHC)
- Ocean-Going Vessels at Berth
- Senate Bill 1020 – Clean Energy Jobs and Affordability Act
- Senate Bill 375 – Sustainable Communities and Climate Protection Act
- Local policies for jurisdictions within the SDG&E distribution service area

REQUEST 16

16. For Electric Distribution capital expenditures shown on Table OR-5 on page OR-25 of Ex. SDG&E-11R in A.22-05-015, provide GRC authorized and recorded expenditures in 2022, 2023, and 2024 for the following categories:

- a. Capacity/Expansion
- b. Equip/Tools/Misc
- c. Franchise
- d. Mandated
- e. Materials
- f. New Business
- g. Overhead Pools
- h. Reliability/Improvements
- i. Safety & Risk Management
- j. DER Integration
- k. Transmission/FERC Driven

SDG&E RESPONSE

SDG&E objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure to the extent it seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is reasonably calculated to lead to the discovery of admissible evidence. SDG&E further objects to this request to the extent it seeks information relating to time periods that are beyond the scope of the proceeding. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

SDG&E objects to the request for year 2022 and 2023 recorded and authorized expenditures. These

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

projects and workpapers are not included in the SB 410 application. Further, the recorded and authorized amounts for 2022 and 2023 are subject to already-concluded GRC proceedings. Authorized and actual amounts for 2024, for energization-related categories in SDG&E's application (i.e., "Capacity/Expansion", "New Business", and "Materials"), are provided in SDG&E's workpaper (see "*A.25-04-015 Incremental Costs Forecasts.xlsx*", "Summary" tab), and in Tables 2, 6, and Table 8 of Exhibit No. SDG&E-1. Note, SB 410 requires a detailed summary of authorized energization costs, which are captured by the energization-related categories of work provided in SDG&E's testimony.

For further review of actual 2024 costs, see SDG&E's May 30, 2025, 2024 Risk Spend Accountability Reports (RSAR) filing. The RSAR filing is located at the following URL:
<https://www.socalgas.com/sites/default/files/2025-05/SCG-SDGE-2024-RSAR-Joint-Risk-Spending-Accountability-Report.pdf>.

REQUEST 17

17. For each category of incremental costs SDG&E forecasts to be attributable to SB 410 eligible projects, identify the collectible portion anticipated to be collected from third parties.

SDG&E RESPONSE

SDG&E's SB 410 application reports actual 2024 energization-related costs reduced by the amount collected from third parties. Similarly, SDG&E's forecast of costs for years 2025 and 2026 reflect only the portion of costs that will not be collected from third parties.

Additionally, please see the tab titled Q17 in the embedded spreadsheet titled "*CIAC.xlsx*". Within the file, the "GRC Collectible %" in column E was previously provided in column T -V on the tab labeled "TY2024 GRC Authorized Pivot" within the workbook titled "*A.25-04-015 Incremental Costs Forecast.xlsx*".

REQUEST 18

18. For each of the following GRC capital projects, provide recorded costs in 2022, 2023, 2024, forecasted costs in 2025 and 2026, and imputed/actual authorized GRC amounts in 2022, 2023, 2024, 2025 and 2026:
- a. Reactive small capital projects (GRC workpaper 002280).
 - b. Distribution capacitor projects (GRC workpaper 082530).
 - c. Chollas West: New 12kV circuit C1047 (GRC workpaper 082600).
 - d. Imperial Beach New 12kV circuit C724 (GRC workpaper 182520).
 - e. Vine New 12kV circuit C1480 (GRC workpaper 18261A).
 - f. Carlton Hills New 12kV circuit C1191 (GRC workpaper 192560).
 - g. Planned Investments / Capacity (GRC workpaper 202470)
 - h. Old Town Reconductor 12kV circuit 493 (GRC workpaper 20252A)
 - i. East Gate: New 12kV Circuit C1154 (GRC workpaper 202600)
 - j. Creelman: Reconductor 12kV Circuit 235 (GRC workpaper 212460)
 - k. Point Loma: Reconductor 12kV Circuit C50 & Capacitor (GRC workpaper

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

212470)

- l. Vine: 12kV circuit C139 cutover to C138 (GRC workpaper 212480)
- m. Border: New 12kV Circuit C1162 (GRC workpaper 21251A)
- n. Sampson: New 12kV Twin Circuit C369 (GRC workpaper 212580)
- o. Future capacity projects (GRC workpaper 212760)
- p. Distribution System Capacity Improvement (GRC workpaper 972480)
- q. Streamview 69/12 kV Substation Rebuild (GRC workpaper 132440)

SDG&E RESPONSE

SDG&E objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure to the extent it seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is reasonably calculated to lead to the discovery of admissible evidence. SDG&E further objects to this request to the extent it seeks information relating to time periods that are beyond the scope of the proceeding. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

SDG&E objects to the request for year 2022 and 2023 recorded and authorized costs, and to any costs for projects or workpapers not included in the SB 410 application. Further, the actual and authorized amounts for 2022 and 2023 are subject to already-concluded GRC proceedings.

The direct capital costs authorized in the 2024 GRC for the projects listed at "a.", "i.", "n.", "g.", and "o." are provided on Table 2 of the Belden-Bruner testimony. Table 2 also provides, for these projects, the imputed direct capital costs authorized in the 2024 GRC for the years 2025 and 2026. The actual recorded direct capital costs for year 2024 for these projects are provided in SDG&E's workpapers (A.25-04-015 incremental cost forecast, "Summary" and "Capacity-Expansion TM1 Data" tabs).

REQUEST 19

- 19. SDG&E's workpapers (A.25-04-015 incremental costs forecast, "Capacity- Expansion TM1 Data" tab) include "Current TM1 CPUC Forecast" values for 2025 and 2026 for each line item. These values are hard coded into the spreadsheet. Provide the basis for these values along with any workpapers used to calculate them.

SDG&E RESPONSE

The methodology employed to estimate incremental direct capital costs for the Capacity/Expansion Category is discussed in section III.A.3 of the Belden-Bruner testimony. Further description of the methodology is provided in SDG&E's response to Request 30 of TURN Data Request 1. SDG&E does not have additional workpapers readily available beyond those already provided to TURN.

REQUEST 20

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

20. Provide the following information to support the forecast of substation land acquisition costs shown on Table 2 on page BB-14 of direct testimony:
- a. Workpapers providing the calculations used to develop the 2025 and 2026 forecast.
 - b. A list of specific land parcels SDG&E intends to acquire with the funding contained in the forecast.
 - c. The basis for the land acquisition costs incorporated into the forecast.
 - d. Identify the proposed substations that SDG&E intends to develop on the land.
 - e. Identify the expected total project costs for substations that would be developed on the identified parcels.
 - f. Expected timelines for the acquisition of each parcel and the subsequent substation development with projected in-service dates.

SDG&E RESPONSE

- e. SDG&E does not have additional workpapers beyond those already provided to TURN.
- f. The general area of the land that may be acquired during years 2025 and 2026 for new substations is provided in workpapers (SDG&E's workpapers A.25-04-015 incremental cost forecast, "Capacity-Expansion TM1 Data" tab). SDG&E does not have specific land parcels to share at this time.
- g. SDG&E's forecast of direct land acquisition costs is based on recent sale prices of properties suitable for commercial/industrial development in the general vicinity of the identified project area.
- h. See SDG&E's response to Request 20.b for the general area of the land that may be acquired to develop new substations. As of the date of this data request response, SDG&E has not determined official names for these substations.
- i. The forecast purchase costs for the land that may be acquired during years 2025 and 2026 for new substations is provided in workpapers (SDG&E's workpapers (A.25-04-015 incremental cost forecast, "Capacity-Expansion TM1 Data" tab). SDG&E's SB 410 application does not include estimates of the cost to build the new substations since these facilities would not be energized until after 2026.
- j. The forecast purchase dates for the land that may be acquired during years 2025 and 2026 for new substations is provided in SDG&E's workpapers (A.25-04-015 incremental cost forecast, "Capacity-Expansion TM1 Data" tab). Since the facilities constructed within the new substations will not be energized until after 2026, SDG&E is not forecasting facility energization dates.

REQUEST 21

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

21. SDG&E's workpapers (A.25-04-015 incremental costs forecast) contain a note in the "Capacity-Expansion TM1 Data" tab stating the "half of land \$s included as CPUC portion".
- a. Do the values shown in the "Total Eligible Land" amounts reflect 50% of the expected purchase price? If no, explain how the 50% factor was applied.
 - b. How is SDG&E proposing to treat the other 50% of costs for purposes of rate recovery?
 - c. Identify any relevant CPUC precedents that support SDG&E's proposed ratemaking treatment for land costs.

SDG&E RESPONSE:

- a. The "Total Eligible Land" amount represents 100% of the estimated direct cost of land. As outlined in the formula for "Estimated Land Cost," 50% of this total is assumed to be for land that would host CPUC-jurisdictional facilities. This portion of the land costs would be recovered through CPUC-jurisdictional distribution rates.
- b. The remaining 50% is for land that would host Federal Energy Regulatory Commission (FERC)-jurisdictional facilities. This remaining portion of the land costs would be recovered through FERC-jurisdictional transmission rates.
- c. At the time SDG&E transferred control of its transmission facilities to the CAISO and implemented its first FERC-jurisdictional transmission owner rate tariff, determinations had to be made for ratemaking purposes on the treatment of land for FERC and CPUC purposes. For any substation with at least one 69 kV or higher tieline entering the substation and a distribution voltage exiting the substation, the land is allocated 50% to transmission rate base and 50% to distribution rate base. This 50/50% split was recently acknowledged by FERC in its July 30, 2020 Audit Report in FERC Docket No. FA19-3-000.

REQUEST 22

22. In its 2024 GRC, SDG&E forecasted the completion of the East Gate 12 kV Circuit by 2022. In the current application, SDG&E identifies incremental funding for this same project in 2025.
- a. Was the project described in the GRC actually constructed in 2022? If no, then why not?
 - b. At the time, the project was originally described in 2022, by when did SDG&E forecast that new load would cause overloading of multiple circuits? Did such overloading occur in any subsequent year? If yes, what mitigation measures did SDG&E undertake to address the overloading?
 - c. Provide the forecast of new load used to justify this project in the GRC. Were those load projections met? If not, why not?

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

- d. Did SDG&E undertake any other work to relieve overloading on circuits C272 and C744 and the Genessee 12kV East Bus? If yes, provide details on the specific work performed, the costs incurred, and the timing of such expenditures.
- e. When did SDG&E first notify the Commission that the project had been delayed?
- f. What is the expected in-service date for the project?
- g. Provide a summary of expenditures on this project to date.

SDG&E RESPONSE

- a. The project was not placed in-service in 2022. The project in-service date was moved out due to a change in timeline of customers' needs.
- b. The East Gate 12 kV circuit was first identified in 2020 due to a customer energization request. Based on the customer's requested energization date at the time, the overload was forecast to occur in year 2021. Since the customer delayed its energization timeline, the anticipated overloading has, to date, not occurred.
- c. The forecast overloads were reported in SDG&E's 2020 Grid Needs Assessment (GNA) report. SDG&E responds to this request with the confidential version of the SDG&E's August 15, 2020 GNA report (with accompanying Confidential Declaration by Alan Dulgeroff). Specifically, the thermal deficiency forecasted for the impacted circuits was available in the tab titled "other Grid Needs" within the spreadsheet titled "*SDG&E GNA TABLES 2020 – CONFIDENTIAL*".
- d. SDG&E has not done any additional work given the anticipated overloading has, to date, not occurred.
- e. SDG&E does not systematically track every instance in which this information is shared with the Commission. However, one example is a data request response submitted to the Energy Division in 2023,⁶ where the current project status and updated in-service date were included. Additionally, the project status was reported in SDG&E's 2024 RSAR filings.⁷
- f. The current expected in-service date for the project, as reported in SDG&E's Workpaper (see "*A.25-04-015 Incremental Costs Forecast.xlsx*", "Capacity-Expansion TM1 Data" tab), is February 3, 2026.
- g. A summary of expenditures on this project to date is provided in Row 7 of SDG&E's Workpaper (see "*A.25-04-015 Incremental Costs Forecast.xlsx*", "Capacity-Expansion TM1 Data" tab).

⁶ 2023-9-28 CPUC Data Request, Response to Part 2 Question B, CPUC Data Request Related to High DER OIR, R.21-06-017

⁷ <https://www.socalgas.com/sites/default/files/2025-05/SCG-SDGE-2024-RSAR-Joint-Risk-Spending-Accountability-Report.pdf>

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

REQUEST 23

23. In its 2024 GRC, SDG&E forecasted the completion of the Sampson: New 12 kV Twin Circuit by 2023. In the current application, SDG&E identifies incremental funding for this same project in 2024 and 2025.

- a. Was the project described in the GRC actually constructed in 2023? If no, then why not?
- b. At the time, the project was originally described in 2022, by when did SDG&E forecast that new load would cause overloading on an existing circuit? Did such overloading occur in any subsequent year? If yes, what mitigation measures did SDG&E undertake to address the overloading?
- c. Provide the forecast of new load used to justify this project in the GRC. Were those load projections met? If not, why not?
- d. Did SDG&E undertake any other work to relieve overloading on this circuit? If yes, provide details on the specific work performed, the costs incurred, and the timing of such expenditures.
- e. When did SDG&E first notify the Commission that the project had been delayed?
- f. What is the expected in-service date for the project?
- g. Provide a summary of expenditures on this project to date.

SDG&E RESPONSE

- a. The project was not placed in-service in 2022. The project in-service date was moved out due to a change of timeline in customers' needs.
- b. Due to customer load being pushed out to later years, no overload occurred. The Sampson New 12 kV Twin circuit upgrade was first identified in 2021 due to a customer energization request. Based on the expected customer energization date at the time, the overload was forecast to occur in 2024. Since the customer delayed its energization timeline, the anticipated overloading has, to date, not occurred.
- c. The forecast was part of SDG&E's 2022 GNA report, provided in response to Request 24. Specifically, the thermal deficiency forecasted for the impacted circuit was available in the table titled "Ruling – All Other" within Appendix 2.
- d. SDG&E has not done any additional work given the anticipated overloading has, to date, not occurred.
- e. SDG&E does not systematically track every instance in which this information is shared with the Commission. However, one example is a data request response

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

submitted to the Energy Division in 2023⁸ where the current project status and an updated in-service date were included. Additionally, the project status was reported in SDG&E's 2024 RSAR filings.

- f. The current expected in-service date for the project, as reported in SDG&E's Workpaper (see "*A.25-04-015 Incremental Costs Forecast.xlsx*", "Capacity-Expansion TM1 Data" tab), is December 18, 2025.
- g. A summary of expenditures on this project to date is provided in Row 8 of SDG&E's Workpapers (see "*A.25-04-015 Incremental Cost Forecast.xlsx*", "Capacity-Expansion TM1 Data" tab).

REQUEST 24

24. Provide a complete list of the following information from the three most recent Distribution Planning Processes:
- a. Proposed upgrades to address system needs
 - b. Expected distribution capacity deficiencies
 - c. Forecasted electric loads of new and existing customers.

SDG&E RESPONSE

The attachment referenced in this response contains "Protected Materials" (i.e., trade secret, market sensitive, or other confidential and/or proprietary information) as determined by SDG&E in accordance with the provisions of D. 06-06-066 and subsequent decisions and is subject to a Nondisclosure Agreement. A confidentiality declaration is provided with the attachment.

SDG&E responds to this request with the confidential versions of the SDG&E's August 15, 2022, August 15, 2023 and August 15, 2024 GNA and Distribution Deferral Opportunity Reports (DDOR) reports (with accompanying Confidential Declaration by Alan Dulgeroff).

Using the August 15, 2024 GNA/DDOR report (SDG&E 2024 GNA Report and DDOR CONFIDENTIAL.pdf) as an example:

- a. Proposed upgrades that address system needs are listed in the table titled "Planned Investment" within Appendix 5.
- b. Thermal deficiencies in upstream distribution capacity are shown in the GNA reports as MW values and as percentages in excess of 100% of a facility's thermal rating. The percentages are available in the table titled "Ruling – All Other" within Appendix 2.
- c. The forecast circuit-headend electric peak loads used in the 2021-2022, 2022-2023, and 2023-2024 Distribution Planning Processes (DPPs) are available in the table titled "Cir-Bank Capacity" within Appendix 2.

⁸ 2023-9-28 CPUC Data Request, Response to Part 2 Question B, CPUC Data Request Related to High DER OIR, R.21-06-017

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

REQUEST 25

25. Provide the following load forecast information:

- a. 2019 IEPR demand forecast for each year through 2035 for SDG&E's service territory.
- b. 2023 IEPR demand forecast for each year through 2040 for SDG&E's service territory.
- c. Actual demand in SDG&E's service territory in 2020, 2021, 2022, 2023 and 2024.

SDG&E RESPONSE

- a. 2019 IEPR system-level peak demand forecast for each year through 2035 for SDG&E's service territory is available to download at:
<https://efiling.energy.ca.gov/GetDocument.aspx?tn=231565&DocumentContentId=63386>
- b. 2023 IEPR system-level peak demand forecast for each year through 2040 for SDG&E's service territory is available to download at:
<https://www.energy.ca.gov/data-reports/reports/2023-integrated-energy-policy-report/2023-iepr-workshops-notices-and-2>
- c. SDG&E provides in the table below for the actual system-level peak demand in SDG&E's service territory, as reported to the CAISO, for the years 2020, 2021, 2022, 2023 and 2024.

Annual System Peak Loads Reported to CAISO for the SDG&E Service Area (MW)					
Year	2020	2021	2022	2023	2024
System Load	3884	3616	4421	3679	4524

REQUEST 26

26. Provide the retail electricity price forecast included in the 2023 IEPR for SDG&E customers in each year through 2040.

SDG&E RESPONSE

The average retail electricity price forecast for customers within the SDG&E distribution service area is part of the 2023 IEPR forecast which is available for download at: <https://www.energy.ca.gov/data-reports/reports/2023-integrated-energy-policy-report/2023-iepr-workshops-notices-and-2>, Forecast Files - > LSE and BA Tables -> "CED Planning Forecast LSA and BAA Tables – Corrected." The forecast data is located in the tab 'Form 2.3' under SDG&E Total.

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

REQUEST 27

27. Has SDG&E adjusted its load forecast to account for the potential early sunset of federal tax credits for electric vehicles and building electrification technologies?

SDG&E RESPONSE

The system-level load forecast used to support SDG&E's SB 410 application was developed as part of the CEC's 2022 and 2023 IEPR processes. The 2022 IEPR was adopted by the CEC in early 2023 and the 2023 IEPR was adopted by the CEC in early 2024, both well before the change in federal administration. The 2024 IEPR load forecast was adopted by the CEC in early 2025, also prior to the change in federal administration. The 2024 IEPR load forecast will be used as the basis for SDG&E's 2025-2026 DPP. As of the date of this data request response, SDG&E does not know if, or the extent to which, future iterations of the CEC's IEPR will be adjusted to account for the potential early sunset of federal tax credits for Light Duty (LD) electric vehicles and building electrification technologies. SDG&E will continue to monitor developments in this area and work with the CEC in assessing both the short-term and long-term implications for future load growth.

REQUEST 28

28. Has SDG&E adjusted its load forecast to account for the federal government's revocation of Clean Air Act waivers that would require an increasing percentage of new model cars sold in California to be zero emissions?

SDG&E RESPONSE

See SDG&E's response to Request 27. As of the date of this data request response, SDG&E does not know if, or the extent to which, future iterations of the CEC's IEPR will be adjusted to account for the federal government's revocation of Clean Air Act waivers. SDG&E is closely monitoring the situation and will work with the CEC to evaluate its potential implications for future load growth.

REQUEST 29

29. On page BB-10 of testimony, SDG&E explains that the 2024 GRC forecast "utilizes construction labor rates, materials costs, contract/pricing quotes, and other upgrades specific details." Identify the construction labor rates, materials costs, and contract/pricing quotes used by SDG&E to develop the forecast of incremental costs in this application.

SDG&E RESPONSE

For the 2024 GRC, labor and contractor costs were embedded within the workpapers supporting the GRC application. As outlined in section III.A.3 of the Belden-Bruner testimony, SDG&E uses actual direct capital expenditures in 2024 as the baseline for developing its cost forecasts for the Capacity/Expansion category. The 2025 and 2026 cost projection incorporates identified capacity upgrades expected to be energized during the year, along with land acquisition anticipated to occur during the year for future

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

substations. Particularly, the 2026 cost estimate for the blanket workpapers was created by assuming a similar amount of costs occurring in year 2025 would arise in year 2026, and adding the estimated costs for projects that have been specifically identified with a year 2026 in-service date. SDG&E does not have all the underlying cost elements readily available to provide.

REQUEST 30

30. On page BB-13 of testimony, SDG&E explains that “The 2025 and 2026 projections are created considering the specific capacity upgrades that have been identified, land needs for future substation needs based on the 2023 IEPR, then subtracting those amounts from the authorized amounts in the 2024 GRC.” Provide workpapers (with formulas intact) demonstrating the methodology used by SDG&E to develop the 2025 and 2026 projections of total costs and incremental expenditures (relative to the 2024 GRC).

SDG&E RESPONSE

The incremental expenditures for 2025 and 2026 relative to the authorized amounts in the 2024 GRC were determined from simple arithmetic: Subtracting the imputed authorized amounts for 2025 and 2026 at the workpaper level from the 2025 and 2026 projections of total costs.

Given that some workpapers include budget codes that were not identified at the time of the GRC application, SDG&E first aggregated the projected total costs by rolling up the budget codes under each corresponding workpapers. Vacation & Sickness (V&S) factors were then applied to these totals to generate the overall cost projections for each workpaper. Finally, the imputed amounts for each workpaper were subtracted from the projected costs to determine the incremental expenditures for 2025 and 2026.

This calculation is demonstrated in the workpaper titled “*A.25-04-015 Incremental Costs Forecast – Summary*”, where budget code and workpaper mappings, along with cost details, are linked through formulas in “*A.25-04-015 Incremental Costs Forecast – Capacity-Expansion TM1 Data*.”

To provide a clearer view of the mapping structure, SDG&E has also included a supplementary table in tab Q30 of the attached spreadsheet titled “*SDG&E Response to TURN DR 1 A2504015 Data Sheet.xlsx*”, where workpapers are bolded and grouped with their respective budget codes.

REQUEST 31

31. On page BB-14 of testimony, SDG&E states “SDG&E’s TY 2024 GRC application did not forecast distribution costs for attrition years 2025 and 2026, the revenue requirements for which are instead determined via a proposed post-Test Year mechanism.”
- a. Explain the method by which SDG&E’s forecasted capital expenditures are converted into a revenue requirement as part of the GRC.
 - b. Provide the GRC adopted 2024 revenue requirement for SDG&E’s forecasted distribution capital expenditures.
 - c. Explain how the GRC-adopted post-Test year mechanism is used to adjust the

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

distribution capital revenue requirement in 2025 and 2026. Does this adjustment also apply to the revenue requirement for forecasted distribution capital expenditures?

- d. Provide the expected increase in forecasted distribution capital expenditure revenue requirements in 2025 and 2026 attributable to the post-Test year mechanism.

SDG&E RESPONSE

- a. As part of a GRC, the Results of Operation (RO) model converts capital expenditures into a capital-related revenue requirement (taxes, return, and depreciation). The RO model is a Microsoft Excel- and Access-based model that calculates the total company test-year revenue requirement.
- b. The 2024 test-year capital-related revenue requirement for electric distribution is \$1.193 billion. This capital-related revenue requirement includes the 2021 base year recorded starting point and the CPUC authorized capital expenditures for 2022, 2023, and 2024. This revenue requirement is found in the Electric Distribution Summary of Earnings Table in Appendix A of D.24-12-074.
- c. The adopted post-test year (PTY) mechanism escalates the authorized base margin by 3% for each PTY. This 3% escalation percentage is applied to O&M, taxes, depreciation, and return for electric distribution, gas, and generation base margins. In the GRC (with the exception of undergrounding and covered conductor costs included in the Wildfire Mitigation Plan), SDG&E does not forecast specific capital projects for the PTY period and the decision also does not authorize capital expenditures. SDG&E imputes capital and O&M costs for the PTY period for the purposes of the Risk Spend Accountability Report (RSAR).
- d. The increase in PTY electric distribution revenue requirement is not directly tied to an increase in electric distribution capital expenditures. The capital-related revenue requirement (excluding the impact of the cost of capital adjustment and capital-related revenue requirement adder for WMP) for 2025 is \$1.229 billion and \$1.266 billion for 2026.

REQUEST 32

32. For each of the following GRC capital projects, provide recorded costs in 2022, 2023, 2024, forecasted costs in 2025 and 2026, and imputed/actual authorized GRC amounts in 2022, 2023, 2024, 2025 and 2026:
- a. Electric Distribution Easements (Workpaper00204)
 - b. Overhead Residential New Business (Workpaper00215)
 - c. Overhead Non-Residential New Business (Workpaper00216)
 - d. Underground Residential New Business (Workpaper00217)
 - e. Underground Non-Residential New Business (Workpaper00218)
 - f. New Business Infrastructure (Workpaper00219)
 - g. New Service Installations (Workpaper00224)
 - h. Customer requested upgrades and services (Workpaper00225)

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

- i. Transformer and Meter (Workpaper00235)

SDG&E RESPONSE

SDG&E objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure to the extent it seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is reasonably calculated to lead to the discovery of admissible evidence. SDG&E further objects to this request to the extent it seeks information relating to time periods that are beyond the scope of the proceeding. Specifically, SDG&E objects to the request for year 2022 and 2023 recorded and authorized costs, and to any costs for projects or workpapers not included in the SB 410 application. Further, the actual and authorized amounts for 2022 and 2023 are subject to already-concluded GRC proceedings. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

Table 6 in the Belden-Bruner testimony provides, for each of the listed workpapers, the GRC authorized direct capital expenditures for year 2024⁹ and the imputed GRC authorized direct capital expenditures for years 2025 and 2026. Recorded direct capital expenditures in year 2024 and forecast direct capital expenditures for the years 2025 and 2026, for each of the listed workpapers, can be calculated by simply summing the authorized amounts and the incremental amounts. See the tab labeled "TY2024 GRC Authorized Pivot" included in the previously provided workbook titled "*A.25-04-01 Incremental Costs Forecast*" for imputed authorized capital. Also see the "Summary" tab for 2024 actuals.

REQUEST 33

33. SDG&E's workpapers (A.25-04-015 incremental costs forecast, "Summary" tab) forecast all New Business capital line items in 2025 and 2026 by applying a 13% annual escalator to 2024 recorded values.
- a. Where in SDG&E's testimony is this escalation factor described?
 - b. Provide the basis for using a 13% annual escalator along with any workpapers or other models used to develop this value.

SDG&E RESPONSE

- a. The Belden-Bruner testimony at page BB-23 explains that SDG&E used a 10% compound annual growth rate starting from year 2024 (i.e., in real 2024 dollars). Adding 3% annual inflation (as can be calculated by comparing the 2025 and 2026 GRC Imputed Authorized amounts to the 2024 GRC Authorized amount), yields the 13% annual escalator used to determine forecast nominal dollar direct capital expenditures for years 2025 and 2026.
- b. The basis for the 13% annual escalator is described at lines 3-5 on page BB-23 of the Belden-Bruner testimony. The average year-over-year cost increase from years 2021 to 2024, as well as the number of average annual new business energization requests from the same period, has been approximately 15% indicating the 10% real dollar growth

⁹ Table 6 inadvertently included the word "Imputed" in the column heading titled "GRC Imputed Authorized 2024". The column heading should read "GRC Authorized 2024".

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

rate is a conservative forecast. Some factors that may be driving new business requests are an increase in development, electrification requirements in new buildings (Title 24), and the elimination of gas line extension allowances, discounts and refunds as well as the elimination of electric subsidies on mixed fuel new construction projects (per requirements set forth in CPUC Building Decarbonization OIR Phase 3A/3B).

REQUEST 34

34. SDG&E's workpapers (A.25-04-015 incremental costs forecast, "Summary" tab) provide "SDG&E Company Labor Percentage" and "V&S Factor" values.
- a. Explain how these values were derived and what purpose they serve in the spreadsheet.
 - b. Explain why annual values are multiplied by both the companywide labor percentage and the V&S factor.

SDG&E RESPONSE

- a. The labor percentages provide the amount of company labor as a proportion of the "Directs ex VU, V&S, CIAC" (columns E:I) in the summary tab. The purpose is to provide the supporting calculation for the V&S included in "Directs + V&S" (columns Q:R), broken down further in response for 34b. V&S factor is included in alignment with the GRC & RSAR requirements for costs to be stated as Directs with V&S.
- b. V&S is applicable only to company labor, so both are required to correctly calculate the "Directs + V&S" in columns Q:S of the summary. The SDGE Company Labor Percentage isolates the company labor dollars, which then are multiplied by the V&S factor to arrive at the amount of V&S. This then allows for calculation of "Directs + V&S" (columns Q:S) equal to "Directs ex VU, V&S, CIAC" (columns E:I) + V&S (Calculated).

REQUEST 35

35. Provide the units of recorded work associated with Electric Distribution easements occurring in 2022, 2023 and 2024 and the forecast of units of work to be performed in 2025 and 2026.

SDG&E RESPONSE

SDG&E objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure to the extent it seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is reasonably calculated to lead to the discovery of admissible evidence. SDG&E further objects to this request to the extent it seeks information relating to time periods that are beyond the scope of the proceeding. Specifically, SDG&E objects to the request for year 2022 and 2023 recorded units and to any unit-based information not included in the SB 410 application. Further, actual unit amounts for 2022 and 2023 are subject to already-concluded GRC proceedings. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

Refer to the May 30, 2025, 2024 Risk Spending Accountability Report filing of Southern California Gas

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

Company and SDG&E for actual year 2024 units and authorized units in years 2025 and 2026. The RSAR filing is located at the following URL: [https://www.socalgas.com/sites/default/files/2025-05/SCG-SDGE-2024-RSAR-Joint-Risk-Spending Accountability-Report.pdf](https://www.socalgas.com/sites/default/files/2025-05/SCG-SDGE-2024-RSAR-Joint-Risk-Spending%20Accountability-Report.pdf)

REQUEST 36

36. For the extension of new overhead residential distribution service in 2022, 2023 and 2024 and the forecast of units of new residential overhead distribution service in 2025 and 2026, provide the following:
- Units of work by year
 - Number of customer requests involved

SDG&E RESPONSE

SDG&E objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure to the extent it seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is reasonably calculated to lead to the discovery of admissible evidence. SDG&E further objects to this request to the extent it seeks information relating to time periods that are beyond the scope of the proceeding. Specifically, SDG&E objects to the request for year 2022 and 2023 recorded units and to any unit-based information not included in the SB 410 application. Further, actual unit amounts for 2022 and 2023 are subject to already-concluded GRC proceedings. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

Refer to the May 30, 2025, 2024 Risk Spending Accountability Report filing of Southern California Gas Company and SDG&E for actual year 2024 units and for authorized units in years 2025 and 2026. The RSAR filing is located at the following URL: [https://www.socalgas.com/sites/default/files/2025-05/SCG-SDGE-2024-RSAR-Joint-Risk-Spending Accountability-Report.pdf](https://www.socalgas.com/sites/default/files/2025-05/SCG-SDGE-2024-RSAR-Joint-Risk-Spending%20Accountability-Report.pdf)

- c. The number of customer requests of new overhead residential distribution service for years 2022, 2023, and 2024 as well as a forecast for 2025 and 2026 are included within the following table:

	Actuals			Forecast	
Year	2022	2023	2024	2025	2026
Number of Requests	68	89	85	94	103

REQUEST 37

37. In developing the forecast of Overhead Residential New Business costs, what assumptions did SDG&E make for financial contributions by new residential customers requesting service? Provide recorded contributions received in 2022, 2023,

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

and 2024 with a forecast of such contributions in 2025 and 2026.

SDG&E RESPONSE

SDG&E objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure to the extent it seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is reasonably calculated to lead to the discovery of admissible evidence. SDG&E further objects to this request to the extent it seeks information relating to time periods that are beyond the scope of the proceeding. Specifically, SDG&E objects to the request for year 2022 and 2023 recorded contributions and contribution-based information not included in the SB 410 application. Further, actual contribution amounts for 2022 and 2023 are subject to already-concluded GRC proceedings. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

For the years 2024, 2025 and 2026, see SDG&E's response to Request 17.

REQUEST 38

38. For the extension of new overhead non-residential distribution service in 2022, 2023 and 2024 and the forecast of units of new overhead non-residential distribution service in 2025 and 2026, provide the following:
- a. Units of work by year
 - b. Number of customer requests involved

SDG&E RESPONSE

- a. See SDG&E's response to Request 36.
- b. The number of customer requests for new overhead non-residential distribution service for years 2022, 2023, and 2024, as well as a forecast for years 2025 and 2026, are included within the following table:

	Actuals			Forecast	
Year	2022	2023	2024	2025	2026
Number of Requests	55	46	62	68	75

REQUEST 39

39. In developing the forecast of Overhead Non-Residential New Business costs, what assumptions did SDG&E make for financial contributions by new non-residential customers requesting service? Provide recorded contributions received in 2022, 2023, and 2024 with a forecast of such contributions in 2025 and 2026.

SDG&E RESPONSE

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

SDG&E objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure to the extent it seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is reasonably calculated to lead to the discovery of admissible evidence. SDG&E further objects to this request to the extent it seeks information relating to time periods that are beyond the scope of the proceeding. Specifically, SDG&E objects to the request for year 2022 and 2023 recorded contributions and contribution-based information not included in the SB 410 application. Further, actual contribution amounts for 2022 and 2023 are subject to already-concluded GRC proceedings. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

For the years 2024, 2025 and 2026, see SDG&E's response to Request 17.

REQUEST 40

40. For the extension of new residential underground distribution service in 2022, 2023 and 2024 and the forecast of units of new residential underground distribution service in 2025 and 2026, provide the following:
- a. Units of work by year
 - b. Number of customer requests involved

SDG&E RESPONSE

- a. See SDG&E's response to Request 36.
- b. The number of customer requests for new residential underground distribution service for years 2022, 2023, and 2024 as well as a forecast for 2025 and 2026 are included within the following table:

	Actuals			Forecast	
Year	2022	2023	2024	2025	2026
Number of Requests	490	440	500	550	605

REQUEST 41

41. For the extension of new non-residential underground distribution service in 2022, 2023 and 2024 and the forecast of units of new non-residential underground distribution service in 2025 and 2026, provide the following:
- a. Units of work by year
 - b. Number of customer requests involved

SDG&E RESPONSE

- a. See SDG&E's response to Request 36.
- b. The number of customer requests for new non-residential underground distribution service for years 2022, 2023, and 2024 as well as a forecast for 2025 and 2026 are

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

included within the following table:

	Actuals			Forecast	
Year	2022	2023	2024	2025	2026
Number of Requests	407	458	374	411	453

REQUEST 42

42. Provide the units of work attributable to new business infrastructure in 2022, 2023 and 2024 and the forecast of units of work expected in 2025 and 2026.

SDG&E RESPONSE

See SDG&E's response to Request 36.a.

REQUEST 43

43. Provide the units of work attributable to new service installations in 2022, 2023 and 2024 and the forecast of units of work expected in 2025 and 2026.

SDG&E RESPONSE

See SDG&E's response to Request 36.a.

REQUEST 44

44. Provide the units of work attributable to customer requested upgrades and services in 2022, 2023 and 2024 and the forecast of units of work expected in 2025 and 2026.

SDG&E RESPONSE

See SDG&E's response to Request 36.a.

REQUEST 45

45. Provide the units of work attributable to transformer and meter installations in 2022, 2023 and 2024 and the forecast of units of work expected in 2025 and 2026.

SDG&E RESPONSE

See SDG&E's response to Request 36.a. Note that no meter installations are included in the SB 410 application.

REQUEST 46

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

46. What method does SDG&E use to determine whether the removal of specific transformers and meters is a direct result of load growth or new customers?

SDG&E RESPONSE

The design that SDG&E utilizes for existing customers requesting to add load and new customers requesting load service (both being energization requests), is sized for the anticipated load that the prospective customer informs SDG&E of in their request. When an existing customer requests to add load such that the capacity of the existing transformer or meter would be exceeded, the existing equipment would be removed and replaced with appropriately sized new equipment based on SDG&E's equipment standards. Likewise, the service transformer and meter for new customers requesting service would be appropriately sized based on SDG&E's equipment standards.

REQUEST 47

47. SDG&E's workpapers (A.25-04-015 incremental costs forecast, "Summary" tab) forecast transformer costs in 2025 and 2026 by applying a 13% annual escalator to 2024 recorded values.
- a. Where in SDG&E's testimony is this escalation factor described?
 - b. Provide the basis for using a 13% annual escalator along with any workpaper or other models used to develop this value.

SDG&E RESPONSE

See SDG&E's response to Request 33.

REQUEST 48

48. On page BB-19 of testimony, SDG&E references the *Unlocking California's Climate Ambition* report by the Boston Consulting Group.
- a. Identify the costs contributed by SDG&E to support the development of this report.
 - b. Were the costs referenced in (a) sourced from ratepayer or shareholder funds?
 - c. Identify any projections of increased energization demand and electrical loads in the report for the period of 2025-2030.
 - d. Does this report forecast specific increases in residential space heating heat pump stock, industrial electricity use or EV stocks that will occur in SDG&E's service territory through 2030?

SDG&E RESPONSE

- a. \$600,000.

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

- b. Ratepayer funds.
- c. The Boston Consulting Group’s (BCG’s) *Unlocking California’s Climate Ambition* report was primarily focused on identifying the challenges to meeting California’s climate goals and offering possible solutions to those challenges. BCG’s report relied on electric load forecast information provided in the California Air Resources Board (CARB) Scoping Plan (2022) as well as other sources. See, for example, the discussion associated with footnotes 12, 19, 44, 46 and 47.
- d. The BCG report does not present any specific forecasts of residential space heating heat pump stock, industrial electricity use or electric vehicle counts for the SDG&E distribution service area.

REQUEST 49

49. On page BB-20 of testimony, SDG&E states that “a comparison of the CEC’s annual managed electric sales forecasts from the 2021 forecast report to the 2023 forecast report reveals an increasing demand for electric sales to meet new service connections and upgraded service requests.”
- a. Identify the portion of the sales forecasts that the CEC projects is attributable to new service connections. Provide citations to the source documents that identify the contribution of new service connections.
 - b. Identify the portion of the sales forecast that the CEC projects is attributable to upgraded service requests. Provide citations to the source documents that identify the contribution of upgraded service requests.
 - c. Provide any analyses SDG&E has performed on the relationship between changes in retail sales and growth in new service connections.
 - d. Provide any analyses SDG&E has performed on the relationship between changes in retail sales and growth in upgraded service requests.

SDG&E RESPONSE

As a threshold matter, SDG&E notes that SB 410 codifies in the Public Utilities Code section 931. (b) which states in part:

“Energization” and “energize” mean connecting customers to the electrical distribution grid and establishing adequate electrical distribution capacity or upgrading electrical distribution or transmission capacity to provide electrical service for a new customer, or to provide upgraded electrical service to an existing customer. The determination of adequate electrical distribution capacity includes consideration of future load.

Accordingly, energization-related costs eligible for recovery under an authorized SB 410 ratemaking mechanism includes the costs associated with serving (i) new electric customers, and (ii) the increased load of existing customers, whether or not the existing customer has notified SDG&E of an intent to add

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

load. For this reason, the relevance of TURN’s distinction between “new service connections” and “upgraded service requests” is unclear. Notwithstanding this lack of clarity, SDG&E responds as follows:

- a. SDG&E does not believe the CEC’s IEPR sales forecasts separately identify electric sales “attributable to new service connections” for new electric customers.
- b. SDG&E does not believe the CEC’s IEPR sales forecasts separately identify electric sales “attributable to upgraded service requests” from existing electric customers.
- c. SDG&E has not performed analyses investigating whether, and the extent to which, there is relationship between (i) changes in retail sales, and (ii) growth in new service connections.
- d. SDG&E has not performed analyses investigating whether, and the extent to which, there is relationship between (i) changes in retail sales, and (ii) growth in upgraded service requests. .

REQUEST 50

50. On page BB-23 of testimony, SDG&E notes “a steady upward trend in its customer growth rate and electric load demand.”
- a. Provide the “customer growth rate” for residential and non-residential customers (separately) in 2022, 2023, 2024 and the forecasted growth rate in 2025 and 2026.
 - b. Provide recorded “electric load demand” in 2022, 2023, 2024 and the forecast for 2025 and 2026.

SDG&E RESPONSE

- a. The following table provides a breakdown of residential and non-residential new business projects:

	2022	2023	2024
Residential	1286	1166	1771
Non-Residential	1228	1550	1473
Total	2514	2716	3242

The forecast for 2025 and 2026 is outlined in Table 12 on page BB-35 of testimony.

- b. SDG&E’s response to Request 25.c, which provides, for the SDG&E distribution service area, recorded electric peak demand as reported to the CAISO for the years 2022, 2023 and 2024. Forecast service area peak demands for the years 2025 and 2026 are available in the CEC’s IEPR load forecasts referenced in SDG&E’s response to Request 25.a and Request 25.b.

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

REQUEST 51

51. Provide workpapers detailing the calculations used to develop the values shown in Table 6 on pages BB-23 and BB-24 of testimony.

SDG&E RESPONSE

See SDG&E's workpaper titled, "*A.25-04-015 Incremental Costs Forecast.xlsx*", tab titled "*Summary*".

REQUEST 52

52. For each of the following GRC capital projects, provide recorded costs in 2022, 2023, 2024, forecasted costs in 2025 and 2026, and imputed/actual authorized GRC amounts in 2022, 2023, 2024, 2025 and 2026:
- a. Electric Meters and Regulators (Workpaper 002020)
 - b. Transformers (Workpaper 002140)

SDG&E RESPONSE

SDG&E objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure to the extent it seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

- a. SDG&E objects to the request for recorded and authorized costs for Electrical Meters and Regulators (Workpaper 002020) as these costs are not included in the SB 410 application. Further, the actual and authorized amounts are subject to already-concluded GRC proceedings.
- b. SDG&E objects to the request for year 2022 and 2023 recorded and authorized costs for transformers as these costs are not included in the SB 410 application. Further, the actual and authorized amounts for years 2022 and 2023 are subject to already-concluded GRC proceedings.

See the tab labeled "TY2024 GRC Authorized Pivot", included in the previously provided workbook titled "*A.25-04-01 Incremental Costs Forecast.xlsx*", for imputed authorized capital for years 2024, 2025, and 2026. See the "Summary" tab for 2024 actuals. The values for these workpapers are the company-wide amounts, not energization specific. Further, SDG&E's workpaper, "*A.25-04-015 Transformer Costs.xlsx*" provides the methodology for determining SB 410-eligible incremental costs for service transformers.

REQUEST 53

53. With respect to transformer costs, identify the method used by SDG&E to determine whether transformers are used to meet the following needs:

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

- a. New customers
- b. Customer load growth
- c. Replacement of units that no longer function properly or have reached the end of their service life
- d. Upgrades to enable Distributed Energy Resources

SDG&E RESPONSE

See SDG&E's response to Request 8.

REQUEST 54

54. On page BB-25, SDG&E references an analysis "to estimate the portion of the transformers attributable to energization." Provide a complete copy of this analysis in Excel format with formulas intact.

SDG&E RESPONSE

See SDG&E's response to Request 9.

REQUEST 55

55. On page BB-25, SDG&E references an "updated forecast of transformer needs for New Business from 2025 to 2026."
- a. Provide a copy of the referenced forecast
 - b. Provide data on recorded transformer needs for new business in 2022, 2023 and 2024.

SDG&E RESPONSE

See SDG&E's response to Request 9.

REQUEST 56

56. On page BB-26 of testimony, SDG&E states that "approval of this application is necessary for SDG&E to fully and accurately meet the compliance requirements of D.24-09-020".
- a. Is SDG&E's willingness to meet the energization timelines and other compliance requirements in D.24-09-020 contingent upon the approval of interim rate recovery pursuant to SB 410?
 - b. If SDG&E's SB 410 application is denied, what compliance requirements in D.24-09-020 will SDG&E fail to satisfy?
 - c. Did the Commission condition compliance with D.24-09-020 on the receipt of

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

additional interim rate recovery pursuant to SB 410? If yes, please identify the relevant section of the Decision supporting this claim.

SDG&E RESPONSE

- a. No; however, SB 410 and the CPUC’s own decision provide a pathway for the electric utilities to seek cost recovery to comply with the requirements in D.24-09-020. Complying with the requirements of D.24-09-020 creates the need for workstreams that were not, and could not have been, anticipated when SDG&E submitted its 2024 GRC application. Incremental funding is needed to fully and timely comply with D.24-09-020 requirements for faster energization timelines, more prescriptive customer engagement, and expansive data tracking and reporting.
- b. SDG&E respectfully declines to speculate on specific compliance requirements in D.24-09-020 that would be unmet in the event its SB 410 application is denied. Importantly, the CPUC has acknowledged that SB 410 provides a pathway for utilities to seek cost recovery associated with compliance efforts. As such, SDG&E’s application under SB 410 is intended to facilitate and support its ability to meet the Commission’s directives in a timely and effective manner. SDG&E remains committed to complying with all applicable requirements of D.24-09-020 and will continue to work collaboratively with the Commission and stakeholders to ensure successful implementation of the decision’s provisions.
- c. D.24-09-020 does not condition utility compliance with the decision’s requirements or Commission approval of the utility’s proposed SB 410 ratemaking mechanism. However, in numerous places, D.24-09-020 specifically recognizes that SB 410 codifies in Public Utilities Code section 937, a requirement that the Commission ensure each large electric IOU has a mechanism to recover costs necessary to comply with the bill’s findings, requirements, and policies, including the energization targets and timelines adopted in D.24-09-020:
 - “Separately, SB 410 requires the Commission to ensure each large electric IOU has a mechanism to recover costs necessary to comply with the bill’s findings, requirements, and policies, *including the energization targets and timelines adopted in this decision.*” (p. 6) (emphasis added).
 - “Pub. Util. Code § 937 authorizes the electric IOUs to seek incremental funding by filing an application with the Commission requesting to implement a ratemaking mechanism to track and seek recovery of costs that may accrue when complying with the Commission’s directives to comply with SB 410 and AB 50.” (FOF 26)
 - “Pub. Util. Code § 937 authorizes the large electric IOUs to file applications with the Commission seeking approval of a ratemaking mechanism to track and seek recovery of costs associated with implementing SB 410.” (FOF 32)

REQUEST 57

57. For the energization targets adopted in D.24-09-020, provide the following

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

information for SDG&E:

- a. Average number of calendar days for energizing customers under Rule 15 in 2022, 2023, and 2024
- b. Maximum number of calendar days for energizing customers under Rule 15 in 2022, 2023, and 2024
- c. Average number of calendar days for energizing customers under Rule 16 in 2022, 2023, and 2024
- d. Maximum number of calendar days for energizing customers under Rule 16 in 2022, 2023, and 2024
- e. Average number of calendar days for energizing customers under Combined Rule 15/16 or Rule 15/45 combined in 2022, 2023, and 2024
- f. Maximum number of calendar days for energizing customers under Combined Rule 15/16 or Rule 15/45 combined in 2022, 2023, and 2024

SDG&E RESPONSE

SDG&E objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure to the extent it seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is reasonably calculated to lead to the discovery of admissible evidence. SDG&E further objects to this request to the extent it seeks information relating to time periods that are beyond the scope of the proceeding. SDG&E also objects to the request on the grounds that it would impose an undue burden on SDG&E by requiring it to perform studies, analyses, or calculations or to create documents that do not currently exist. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

The referenced energization targets were established in September 2024 via D.24-09-020. As such, SDG&E is providing data for years 2023 and 2024 for each request, which is consistent with the reporting requirements specified in D.24-09-020 and SDG&E's first Biannual Energization report (submitted in March 2025).

- a) Average number of calendar days for energizing customers under Rule 15
 1. For year 2023: 134
 2. For year 2024: 325
- b) Maximum number of calendar days for energizing customers under Rule 15
 1. For year 2023: 315
 2. For year 2024: 649
- c) Average number of calendar days for energizing customers under Rule 16
 1. For year 2023: 108
 2. For year 2024: 178
- d) Maximum number of calendar days for energizing customers under Rule 16
 1. For year 2023: 325
 2. For year 2024: 667
- e) Average number of calendar days for energizing customers under Combined Rule 15/16
 1. For year 2023: 175
 2. For year 2024: 344

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

- f) Maximum number of calendar days for energizing customers under Combined Rule 15/16
1. For year 2023: 266
 2. For year 2024: 613

The data provided is derived from SDG&E's March 2025 Biannual Energization Report:
<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M562/K082/562082271.PDF>

REQUEST 58

58. (CPM/EDP) For each of the following capital categories included in SDG&E's application, identify whether the spending relates to Rule 15 distribution line extensions, Rule 16 service line extensions, or Rule 45 EV infrastructure and service extensions:
- a. 002280 – Reactive Small Capital Projects
 - b. 202600 – East Gate: 12kV Circuit C1154
 - c. 212580 – Sampson: New 12kV Twin Circuit C369
 - d. 202470 – Planned Investments
 - e. 212760 – Future Capacity Projects
 - f. 2040 – Electric Distribution Easements
 - g. 2150 – Overhead Residential New Business
 - h. 2160 – Overhead Non-Residential New Business
 - i. 2170 – Underground Residential New Business
 - j. 2180 – Underground Non-Residential New Business
 - k. 2190 – New Business Infrastructure
 - l. 2240 – New Service Installations
 - m. 2250 – Customer Requested Upgrades & Services
 - n. 2350 – Transformer & Meter Installation
 - o. Transformer Costs Attributable to Energizing Customer Load
 - p. Nexus Digital Application
 - q. Builder Services Portal (BSP) Modernization
 - r. Cloud Data Foundation
 - s. Geographic Information System (GIS) Enhancement
 - t. Automated Utility Design (AUD) Enhancement
 - u. Automated Intelligence

SDG&E RESPONSE

For capital categories (a) through (e), the expenditures pertain to upstream distribution capacity infrastructure and are not directly associated with line or service line extensions.

For line items (f) through (u), the expenditures relate to Rule 15 and Rule 16 work.

Rule 45 Infrastructure Costs are not included within the scope of SDG&E's request in A.25-04-015.

REQUEST 59

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

59. Pursuant to §933.5(b) of the Public Utilities Code, each IOU must submit a report to the CPUC if they “that energized less than 35 percent of customers with completed applications exceeding 12 months in duration by January 31, 2023”.
- a. Was SDG&E required to submit a report to the CPUC pursuant to this condition? If yes, provide a copy of that report.
 - b. If no, what percent of customers were not energized over the statutorily defined timeframe?

SDG&E RESPONSE

- a. No, SDG&E was not required to submit the report based on the criteria outlined in Public Utilities Code §933.5(b). However, SDG&E submitted a report in response to an Administrative Law Judge Ruling issued on November 12, 2024 in Rulemaking 24-01-018. The report was provided in accordance with the direction set forth in the Ruling and complies with Ordering Paragraph 8 of Decision 24-09-020, as well as the applicable requirements of the Public Utilities Code. This report can be accessed at the following URL:
<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M547/K538/547538411.PDF>
- b. See “*Response of San Diego Gas & Electric Company (U 902-E) to Administrative Law Judge’s Ruling Providing Direction for Large Electric Investor-Owned Utilities to Comply with Ordering Paragraph 8 of Decision 24-09-020.*” The response to Ruling Question 4 states, “SDG&E energized 7,902 of the 10,320 approved applications that had timelines that exceeded 12 months as of January 31, 2023. Accordingly, SDG&E energized 77% of projects with completed applications with a timeline that exceeded 12 months as of January 31, 2023... In addition, SDG&E energized 34,736 of the 37,154 completed applications as of January 31, 2023. Accordingly, SDG&E has energized 93% of customers with completed applications as of January 31, 2023 per OP 8 of D.24-09-020.”

REQUEST 60

60. Provide the total completed customer applications for energization submitted under Rule 15, 16 and 45 (shown separately) in 2020, 2021, 2022, 2023 and 2024.

SDG&E RESPONSE

SDG&E objects to this request under Rule 10.1 of the Commission’s Rules of Practice and Procedure to the extent it seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is reasonably calculated to lead to the discovery of admissible evidence. SDG&E further objects to the request for Rule 45 infrastructure work as this work is not included within the scope of SDG&E’s request in A.25-04-015. SDG&E further objects to this request to the extent it

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

seeks information relating to time periods that are beyond the scope of the proceeding. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

The total completed customer applications for energization under Rules 15 and 16 are included in the following table:

	Actuals				
Year	2020	2021	2022	2023	2024
R15	442	457	477	398	328
R15/16	176	178	206	144	108
R16	1683	1667	1852	1835	2069

REQUEST 61

61. Provide the backlog of customer applications (defined as completed applications that have not yet been energized) under Rule 15, 16 and 45 (shown separately) as of the following dates:

- a. December 31, 2021
- b. December 31, 2022
- c. December 31, 2023
- d. December 31, 2024

SDG&E RESPONSE

SDG&E objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure to the extent it seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is reasonably calculated to lead to the discovery of admissible evidence. SDG&E further objects to the request for Rule 45 infrastructure work as this work is not included within the scope of SDG&E's request in A.25-04-015. SDG&E further objects to this request to the extent it seeks information relating to time periods that are beyond the scope of the proceeding. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

The following table includes the number of completed customer applications that have not been energized by December 31 of each requested year:

Rule Type	2021 Year End	2022 Year End	2023 Year End	2024 Year End
R15	608	681	668	586
R15/16	245	307	329	270
R16	1967	2698	3014	3095

REQUEST 62

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

62. Provide SDG&E's forecast of new completed customer applications for energization to be submitted under Rule 15, 16 and 45 (shown separately) in 2025 and 2026. Identify the basis for the forecast.

SDG&E RESPONSE

SDG&E objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure to the extent it seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is reasonably calculated to lead to the discovery of admissible evidence. SDG&E further objects to the request for Rule 45 infrastructure work as this work is not included within the scope of SDG&E's request in A.25-04-015. SDG&E further objects to this request to the extent it seeks information relating to time periods that are beyond the scope of the proceeding. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

SDG&E's forecast of new completed customer applications for energization is provided in the following table:

	Forecast	
Year	2025	2026
R15	361	397
R15/16	119	131
R16	2276	2503

The forecast methodology utilized is consistent with the new business growth forecast discussed at page 35-BB of the Belden-Burner Testimony. The forecast was initially done as an aggregate of new business projects not by individual tariff as requested with this response.

REQUEST 63

63. In table 12 on page BB-35 of testimony, SDG&E forecasts the number of anticipated energization projects per year.
- Provide the number of projects energized in 2020, 2021 and 2022
 - Provide the number of projects energized in 2020, 2021, 2022, 2023 and 2024 for Rule 15, 16 and 45 projects (shown separately).
 - Provide the basis for the 10% annual growth rate used to develop the 2025 and 2026 forecast values.
 - Provide the number of New Business projects completed in 2020, 2021, 2022, 2023 and 2024.
 - Provide the forecasted number of projects to be energized in 2025 and 2026 under Rule 15, 16 and 45 (shown separately).

SDG&E RESPONSE

SDG&E objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure to the extent it seeks the production of information that is neither relevant to the subject matter involved in

TURN DATA REQUEST NO. 1
A.25-04-015
SDG&E RESPONSE
DATE RECEIVED: MAY 30, 2025
DATE RESPONDED: JUNE 10, 2025

the pending proceeding nor is reasonably calculated to lead to the discovery of admissible evidence. SDG&E further objects to the request for Rule 45 infrastructure work as this work is not included within the scope of SDG&E's request in A.25-04-015. SDG&E further objects to this request to the extent it seeks information relating to time periods that are beyond the scope of the proceeding. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

- a. The number of new business projects energized for 2020 through 2022:
 - i. 2020: 1,670
 - ii. 2021: 2,415
 - iii. 2022: 2,514
- b.

	Actual Energized Year				
Rule Type	2020	2021	2022	2023	2024
R15	306	392	470	441	442
R15/16	101	185	183	142	173
R16	1263	1838	1861	2132	2626

- c. See footnote 33 at page BB-35 of the Belden-Bruner testimony. Also see SDG&E's response to Request 33.b.
- d. See SDG&E's response to Request 63.b.
- e.

	Forecast	
Rule Type	2025	2026
R15	486	534
R15/16	190	209
R16	2888	3176

ATTACHMENT 3
SDG&E 2024 Biannual Energization Report
Aggregate Table

CONFIDENTIAL

ATTACHMENT 4
SDG&E Response to Public Advocates Office
Data Request No. 2
A.25-04-015

PUBLIC ADVOCATES OFFICE DATA REQUEST NO. 2

A.25-04-015

SDG&E RESPONSE

DATE RECEIVED: JUNE 2, 2025

DATE RESPONDED: JUNE 10, 2025

REQUEST 1

1. In SDG&E's Testimony Chapter 1 at BB-7 and BB-8, SDG&E identifies the need to install circuits C1154 and C369 to alleviate overloads.

For C1154, SDG&E states "the purpose of this project is to install a new 12kV Circuit (C1154) connecting to East Gate substation to address overloading of multiple circuits and equipment associated with forecasted new load in the area. The new circuit will relieve overloading on circuit will relieve overloading on circuits C272 and C744 and the Genesee 12kV East Bus." Furthermore, for C369, SDG&E states "the purpose of this project is to install a new 12kV twin circuit C369 at Sampson substation to relieve overloading on an unnamed existing circuit. The overload is associated with forecasted new load in the area."

- a. Provide the name (if applicable) and unique numeric of the unnamed existing circuit.

SDG&E RESPONSE

SDG&E is unable to locate any reference to an "unnamed existing circuit" in its Testimony. As outlined on page BB-8, the "Sampson: New 12kV Twin Circuit C369" upgrade is scoped to install a new 12 kV twin circuit to relieve overloading on the existing C369 circuit. Once the upgrade is complete, the circuit will feature a twin run of cables designed to serve the current customer while accommodating additional load.

REQUEST 2

2. For the years 2020 to 2024 (or to the latest year available), provide the following data points for assets C272, C744, the Genesee 12kV East Bus, and the unnamed existing circuit that C369 will support, per year. For example, if a given asset was operational for every year between 2020 and 2024, the provided data should include five rows specific to that asset: one per year. Provide these data in an excel sheet, using the attached template. Retain as many significant digits as measurement methods permit (i.e., don't round off or approximate measured values).
 - a. Asset Name: the name of the feeder, substation, substation bus, or other asset.
 - b. Asset ID: the unique numeric ID for the feeder, substation, substation bus, or other asset.
 - c. Asset Peak Load (MW): the maximum hourly load this feeder, substation, substation bus, or other asset recorded in this year.
 - d. Asset Average Load (MW): the average load on this asset for this year (for example, this might be measured by Total Energy Consumption in this year divided by total hours in this year, or by the sum of load measurements divided by the number of measurements, or by some other means).
 - e. Asset Capacity (MW): the maximum rated power capacity, in MW, of the asset for this year; also known as the gross load capacity, thermal limit, or planned loading limit. This value might vary from year to year if the asset is re-rated.
 - f. Total AEC (MWh): the Annual Energy Consumption of this asset, in MWh, for this year.

PUBLIC ADVOCATES OFFICE DATA REQUEST NO. 2

A.25-04-015

SDG&E RESPONSE

DATE RECEIVED: JUNE 2, 2025

DATE RESPONDED: JUNE 10, 2025

- g. Year: the year for which this row applies.
- h. Encountered Overloads: The number of times this asset has been loaded, at steady state, beyond its rated capacity for more than fifteen minutes from 2020 to today. If an element like a transformer, circuit breaker, or secondary feeder conductor was considered ‘overloaded’ by some other criteria, cite the element, the nature and length of time of what constitutes an overload on that element, and the relevant standard (if applicable).
- i. Encountered Overloads by Year: the year in which these overloads have most often occurred.
- j. Anticipated Overloads: the number of times this asset is forecasted to be, at steady state, beyond its rated capacity for more than fifteen minutes in the next three years if no additional capacity is added.
- k. Anticipated Overloads by Year: the year in which these overloads are expected to most often occur.

SDG&E RESPONSE

SDG&E objects to this request under Rule 10.1 of the Commission’s Rules of Practice and Procedure to the extent it seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is reasonably calculated to lead to the discovery of admissible evidence. SDG&E further objects to the request on the grounds that it would impose an undue burden on SDG&E by requiring it to perform studies, analyses or calculations or to create documents that do not currently exist. Specifically, the data sought by this request is not readily available and providing it on the expedited timeline required by the data request would be unduly burdensome. Subject to and without waiving the foregoing objections, SDG&E responds as follows:

As outlined in SDG&E’s responses to Requests 22 and 23 in TURN Data Request 1, the in-service dates for the “East Gate: 12kV Circuit C1154” and “Sampson: New 12kV Twin Circuit C369” projects have shifted due to changes in the customers’ load addition timelines. Since neither of these load additions has been energized to date, the assets referenced in the request have not experienced the load growth anticipated at the time these projects were initially identified. The requested data is not relevant to the timing of the requested incremental funding in SDG&E’s SB 410 application.

In response to the request for “anticipated overloads by year” and “anticipated overloads,” SDG&E confirms that forecast system overloads continue to support the necessity of the two proposed upgrade projects.

REQUEST 3

- 3. In SDG&E’s Testimony Chapter 1 at BB-7 and BB-8, SDG&E identifies the need to install circuits C1154 and C369 to alleviate overloads on feeders C272, C744, the Genesee 12kV East Bus, and the unnamed existing circuit that C369 would support.
 - a. Were alternative solutions, such as distributed energy resources or demand side management, considered to alleviate these overloads?
 - i. If so, which ones?
 - ii. If so, why were they not proposed in lieu of these capital expenditure

PUBLIC ADVOCATES OFFICE DATA REQUEST NO. 2

A.25-04-015

SDG&E RESPONSE

DATE RECEIVED: JUNE 2, 2025

DATE RESPONDED: JUNE 10, 2025

requests?

- iii. If not, why weren't they considered?
- b. What forecast was utilized to predict the need to install these feeders?
- c. What methodology was used to disaggregate the forecast to the feeder level?

SDG&E RESPONSE

- a. When determining solutions for identified distribution needs, SDG&E considers alternatives that are feasible, practical, reliable and potentially cost-effective. To mitigate the need that resulted in the "East Gate: 12kV Circuit C1154" solution, SDG&E considered the Distributed Energy Resource (DER) alternative of utility-owned battery storage. This DER solution was determined to be not cost-effective compared to the adopted solution. Cost-effectiveness of the battery storage solution was adversely affected by the size of the battery that would be needed in order to mitigate overloads of significant hourly duration and that are expected to increase in magnitude over time.

To mitigate the need that resulted in the "Sampson: New 12kV Twin Circuit C369" solution, SDG&E considered a DER alternative of utility-owned battery storage. This DER solution was determined to be not cost-effective compared to the adopted solution. Cost-effectiveness of the battery storage solution was adversely affected by the size of the battery that would be needed in order to mitigate overloads having significant magnitude.

It is SDG&E's experience that conventional distribution infrastructure is almost always the preferred cost-effective solution. As the pilots conducted for the Distribution Investment Deferral Framework (DIDF) demonstrated, alternatives to conventional distribution infrastructure are rarely commercially viable. These pilots provided an opportunity for Distributed Energy Resources (DERs) and demand side management to demonstrate the cost-effective ability to defer planned distribution infrastructure. No deferral contracts were entered into in the SDG&E distribution service area during the multi-year course of the pilots.

- b. The "Sampson: New 12kV Twin Circuit C369" upgrade was first identified in the 2021-2022 Distribution Planning Process (DPP) cycle. The project was initiated in response to a customer service request received in 2021, which was incorporated into the 2022 GNA forecasts.

The "East Gate: 12kV Circuit C1154" upgrade was first identified in the 2019 - 2020 DPP cycle. The project was initiated in response to a customer service request received in 2020, which was incorporated into the 2020 GNA forecasts.

- c. As provided in SDG&E's response to Request 3.b, the upgrade projects were triggered by customer service requests; and forecast disaggregation was not utilized.

REQUEST 4

- 4. In SDG&E's Testimony Chapter 1 at BB-10, SDG&E requests "funding to support future distribution capacity growth, but where the specific distribution upgrades have yet to be identified

PUBLIC ADVOCATES OFFICE DATA REQUEST NO. 2

A.25-04-015

SDG&E RESPONSE

DATE RECEIVED: JUNE 2, 2025

DATE RESPONDED: JUNE 10, 2025

through the DPP.”

- a. Given that these requested distribution projects have yet to be identified through a DPP, as would be done in a typical GRC, provide the methodology that was utilized to calculate the funding needed.
- b. Was the CEC’s 2023 IEPR utilized as the basis for the forecasted future distribution capacity growth?
 - i. If so, was it the only forecasting source utilized?
 1. If not, what other forecasting sources were utilized and why?

SDG&E RESPONSE

- a. As outlined in Testimony Chapter 1 (BB-13), SDG&E uses actual direct capital expenditures in 2024 as the baseline for developing its cost forecasts. The 2025 projection incorporates identified capacity upgrades expected to be energized during the year along with land acquisition anticipated to occur during the year for future substations. The 2026 projection includes the 2026 estimates for identified capacity upgrades along with additional land acquisition anticipated during the year. Given specific upgrades have not been fully identified for 2026, SDG&E developed the year 2026 cost estimate of the blanket workpapers by assuming the similar amount of costs occurring in year 2025 would arise in year 2026 and adding the estimated costs for projects that have been specifically identified with a year 2026 in-service date.
- b. SDG&E is currently in the process of completing its 2024–2025 Distribution Planning Process (DPP) cycle. As a result, the capacity upgrades included in the SB 410 application are primarily based on the 2023–2024 DPP cycle and earlier. The 2023–2024 DPP utilizes the 2022 IEPR, which is adjusted to account for Known Loads within the SDG&E service area. Substation needs have been further validated through a preliminary assessment using the 2023 IEPR Forecast as adjusted to account for Known Loads within the SDG&E service area as well as SDG&E’s Medium-Duty (MD) and Heavy-Duty (HD) transportation electrification forecasts.

REQUEST 5

5. In SDG&E Chapter 1 at BB-11, SDG&E highlights the increased cumulative load growth in the 2023 IEPR compared to the 2019 IEPR. Specifically, SDG&E highlights that the 2023 IEPR forecasts AAFS to add 69 MW of load by 2026 and 459 MW of load by 2030.
 - a. Which of the three CEC IEPR AAFS scenarios (2.5, 3, and/or 4) does SDG&E utilize in forecasting load growth? Please provide the specific scenario and the justification for utilizing this scenario over the others.

SDG&E RESPONSE

- a. The 2023 IEPR Additional Achievable Fuel Substitution (AAFS) 4 Scenario is used in SDG&E’s 2024 - 2025 Distribution Planning Process (DPP) cycle. This scenario was selected

PUBLIC ADVOCATES OFFICE DATA REQUEST NO. 2

A.25-04-015

SDG&E RESPONSE

DATE RECEIVED: JUNE 2, 2025

DATE RESPONDED: JUNE 10, 2025

because it is part of the Local Reliability Scenario, which is typically recommended for distribution planning as it better captures localized growth patterns.

REQUEST 6

6. In Attachment B (Agg. Summary and Table Sheet) of SDG&E's 2025 Energization Report, SDG&E highlights its end-to-end cycle time average, median, and standard deviation in energizing electrical service.
 - a. Provide the updated (up to the file date of this data request) end-to-end cycle time average, median, and standard deviation in energizing electrical service in calendar and business days.
 - b. Provide the updated (up to the file date of this data request) end-to-end cycle time maximum in energizing electrical service in calendar and business days.

SDG&E RESPONSE

SDG&E objects to this request under Rule 10.1 of the Commission's Rules of Practice and Procedure to the extent it seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is reasonably calculated to lead to the discovery of admissible evidence. SDG&E further objects to the request on the grounds that it would impose an undue burden on SDG&E by requiring it to perform studies, analyses or calculations or to create documents that do not currently exist. Specifically, that the data sought in the request is not readily available and providing it on the expedited timeline required by the data request would be unduly burdensome.

Furthermore, the Request has the effect of expanding the frequency of the reporting requirements for energization data which D.24-09-020 established as biannual. Specifically, Ordering Paragraph 18 states that "Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall each file and serve biannual energization reports to the California Public Utilities Commission every six months to demonstrate compliance with the statewide targets outlined in Section 7, Energization Targets, of this decision, with the first biannual energization data report filed and served to the service list of Rulemaking 24-01-018 by March 31, 2025, and the second by September 30, 2025."

REQUEST 7

7. In SDG&E's Testimony Chapter 1 at BB-12, SDG&E states "based on the 2023 IEPR, SDG&E forecasts that four new substations will need to be built and energized prior to 2035 in SDG&E's territory."
 - a. Provide the methodology and analysis that underpins SDG&E's forecasted need for four new substations energized by 2035. Explain how SDG&E has disaggregated IEPR to the substation level.
 - b. How many substations does SDG&E currently have?
 - c. What is the total load on these substations?
 - d. Will these four substations be placed in specific geographic areas?

PUBLIC ADVOCATES OFFICE DATA REQUEST NO. 2

A.25-04-015

SDG&E RESPONSE

DATE RECEIVED: JUNE 2, 2025

DATE RESPONDED: JUNE 10, 2025

- e. How did SDG&E decide four was the correct number of substations?
- f. What information and forecast(s) did SDG&E use to identify the need for new substations? Provide that information and/or forecast(s).

SDG&E RESPONSE

- a. The 2023 IEPR provides load forecasts through 2035 for SDG&E's service territory. Using the 2023 IEPR load forecast, SDG&E conducted a preliminary assessment of several geographic areas within its territory. For each area, SDG&E evaluated the interconnected substations, taking into account the capacities of adjacent substations with tie-transfer capabilities and the configuration and expansion limitations at each substation. This analysis identified several load pockets where projected load growth may exceed the capacities of the existing substations. The result was that SDG&E identified four specific geographic areas where new substations are anticipated to be needed before 2035.

The methodology SDG&E uses to disaggregate the IEPR's system-level load to individual substation is described in SDG&E's annual Grid Needs Assessment (GNA) reports. The latest version of this report is dated August 15, 2024 and is available at the following URL:

<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M538/K140/538140375.PDF>

- b. There are 109 transmission-distribution substations within the SDG&E service territory as of June 4, 2025.
- c. The forecast load levels of the banks can be found in the confidential version of SDG&E's 2024 GNA report; see the report provided in SDG&E's response to Request 24 of TURN Data Request 1. The total (non-coincident with time of the SDG&E system peak) can be calculated by taking a summation across all banks.
- d. The new substations will be located on land acquired by SDG&E for the purpose of constructing the substations. The general locations of those substations are provided in SDG&E's response to Request 20.b of TURN Data Request 1.
- e. The number of new substations that SDG&E projects customer energization requirements will trigger are identified as part of the analysis described in SDG&E's response to the first sentence of Request 7.a.
- f. See SDG&E's response to the first sentence of Request 7.a.

REQUEST 8

- 8. In SDG&E's Testimony Chapter 1 at BB-12, SDG&E states: "although scopes and timelines vary, substation projects can take anywhere between five to fifteen years to complete and land acquisition therefore needs to occur within the 2024 through 2026 period."
 - a. Provide the minimum, median, mean, and maximum timelines for all of SDG&E's substation projects, from land acquisition to placed in service, rounded to the nearest month. Provide the earliest available through present day records on all substation projects, including those that were completed, in-progress, and abandoned.

PUBLIC ADVOCATES OFFICE DATA REQUEST NO. 2

A.25-04-015

SDG&E RESPONSE

DATE RECEIVED: JUNE 2, 2025

DATE RESPONDED: JUNE 10, 2025

- b. Provide the estimated timelines for each of these four substations, if approved, to be placed in service, starting from the estimated date of land acquisition.

SDG&E RESPONSE

- a. SDG&E objects to this request on the grounds that it is overbroad and unduly burdensome to compile data for all of SDG&E's substation projects. Additionally, because each substation project has a unique scope, geographic location, and physical characteristics, generating minimum, average, and maximum timeline estimates would not yield meaningful or representative results.
- b. The forecast purchase dates for the land that may be acquired during years 2025 and 2026 for new substations is provided in SDG&E's workpapers (see "*A.25-04-015 Incremental Costs Forecast.xlsx*", "Capacity-Expansion TM1 Data" tab). The actual timeline and in-service date for building a new substation varies greatly depending on the specific characteristics and requirements associated with the upgrade, particularly, how long it would take to receive the necessary regulatory approvals and environmental permits. SDG&E's SB 410 application does not include estimates of the cost to build the new substations since these facilities would not be energized until after 2026.

REQUEST 9

9. The California Senate Bill 410 at 937 (b)(4) "requires only costs associated with energization to be included in the mechanism and requires costs to be tracked using the same cost categories as used by the electrical corporation in its general rate case application."
 - a. Provide all the cost categories utilized in SDG&E's TY2024 GRC application.
 - b. Were any of the projects identified and considered in SDG&E's SB 410 application also identified in SDG&E's TY2024 GRC?
 - i. If so, list those projects and whether the Commission approved or denied those projects in its TY2024 GRC decision.

SDG&E RESPONSE

- a. SDG&E's TY 2024 GRC cost categories are described in each of the supporting workpapers for SDG&E's TY 2024 GRC, which can be found at the following URL: <https://www.sdge.com/sdge-2024-general-rate-case>. As summarized in Exhibit No. SDG&E-1, the following energization-related cost categories have been identified and included in SDG&E's application: Capacity/Expansion, New Business, and Materials.
- b. The Capacity/Expansion, New Business, and Materials cost categories, as well as the associated workpapers, were presented in SDG&E's TY 2024 GRC.

For the Capacity/Expansion category, Table 1 of Exhibit No. SDG&E-1 includes Capacity/Expansion workpapers submitted in the TY 2024 GRC application. These workpapers were approved by the Commission. However, SDG&E's application identifies incremental expenditures related to these workpapers, as detailed in Table 2.

For the New Business category, Table 3 of Exhibit No. SDG&E-1 includes New Business workpapers submitted in the TY 2024 GRC application. These workpapers were approved by the Commission.

PUBLIC ADVOCATES OFFICE DATA REQUEST NO. 2

A.25-04-015

SDG&E RESPONSE

DATE RECEIVED: JUNE 2, 2025

DATE RESPONDED: JUNE 10, 2025

However, SDG&E's application identifies incremental expenditures related to these workpapers, as detailed in Table 6.

For the Materials category, Section III.C. of Exhibit No. SDG&E-1 describes the transformer workpaper, 2140, presented in SDG&E's TY 2024 GRC, as well as the associated 2024 GRC authorized transformer costs (see Table 7). However, SDG&E's application identifies incremental transformer expenditures, as detailed in Table 8.

REQUEST 10

10. The California Senate Bill 410 at 937(c) requires an electrical corporation, in requesting the use of a ratemaking mechanism, "shall include in its request all of the following: 1) a detailed summary of energization costs authorized in its current general rate case or any other proceeding, 2) requested energization costs in its pending general rate case (if it has a pending case), 3) costs authorized for other purposes in its current general rate case or any other proceeding but used for energization, 4) the number of anticipated energization projects per year that are expected to be started or completed, and 5) if the electrical corporation is an operator, as defined in Section 25548.1 of the Public Resources Code, the amount of the compensation identified in paragraph (1) of subdivision (s) of Section 712.8 that is has forecasted it will spend on energization."
- a. Provide a detailed summary of any energization costs that have been authorized in any proceeding outside of the TY2024 GRC.
 - b. Provide a detailed summary of all costs authorized for other purposes in its current general rate case or any other proceeding but used for energization.
 - c. Provide the number of anticipated energization projects per year that are expected to be started or completed.

SDG&E RESPONSE

- a. No energization costs have been authorized in any proceeding outside the 2024 GRC.
- b. A summary, by capital expenditure category, of costs authorized for other purposes in the 2024 GRC but used for energization, can be calculated from Table 10 in Exhibit No. SDG&E-1. Subtracting (i) the 2024 GRC authorized direct capital costs for energization, from (ii) the actual 2024 direct capital costs for energization, yields the "costs authorized for other purposes."
- c. Table 12 in Exhibit No. SDG&E-1 provides the number of customer requests that are expected to be energized in years 2025 and 2026.

REQUEST 11

11. In SDG&E's Testimony Chapter 1 at BB-24 and BB-25, SDG&E highlighted "analysis revealed an incremental need for new transformers beyond what has been authorized in SDG&E's TY 2024 GRC... SDG&E's TY 2024 GRC projected new service transformer costs based on historical trends and data. However, since those cost assumptions were developed, the mix of new service transformers has shifted, with a greater need for units to support customer energization. In addition, per-unit transformer costs have risen due to fluctuations in raw materials prices, increased skilled labor costs, and a shortage of domestic supply." These questions assume that SDG&E is referring to distribution service transformers. Each reference to a transformer in the questions below should be

PUBLIC ADVOCATES OFFICE DATA REQUEST NO. 2

A.25-04-015

SDG&E RESPONSE

DATE RECEIVED: JUNE 2, 2025

DATE RESPONDED: JUNE 10, 2025

taken to refer to distribution service transformers.

- a. Provide the methodology and analysis that supports SDG&E's assessment that revealed an incremental need for new transformers beyond what has been authorized in the TY2024 GRC.
- b. Provide the number of transformers that the TY2024 GRC authorized funding was intended to support.
- c. Provide the number of transformers SDG&E has in supply currently.
- d. Provide the number of additional transformers SDG&E forecasts as necessary.
- e. Provide the average cost of transformers as of the TY2024 GRC filing.
- f. Provide the average cost of transformers for the new transformers needed that go beyond the authorized amount in the TY 2024 GRC.
- g. SDG&E cites a BCG study to support the rise in transformer costs in California. Provide specific details from SDG&E purchase receipts that support BCG's transformer cost assessment.

SDG&E RESPONSE

- a. SDG&E's workpaper titled, "*A.25-04-015 Transformer Costs.xlsx*" provides the methodology and analysis that SDG&E used to estimate the incremental need for new service transformers.
- b. Refer to SDG&E's May 30, 2025 Risk Spending Accountability Report (RSAR) for the total number of service transformers that the TY 2024 GRC authorization was intended to support. This RSAR report is available at the following URL: [https://www.socalgas.com/sites/default/files/2025-05/SCG-SDGE-2024-RSAR-Joint-Risk-Spending Accountability-Report.pdf](https://www.socalgas.com/sites/default/files/2025-05/SCG-SDGE-2024-RSAR-Joint-Risk-Spending%20Accountability-Report.pdf). The incremental funding for energization-related service transformers requested in SDG&E's application is a subset of this amount as noted in SDG&E's response to Request 11.a.
- c. As of the date of this data request response, SDG&E has approximately 5,700 service transformers on hand. This supply is for all lines of business, not just energization. There is no way to know which service transformers will be used for energization until the service transformer is scheduled for placement.
- d. The service transformers that SDG&E forecasts will be used for energization are detailed in SDG&E's response to Request 11.a.
- e. In year 2020 – the year in which SDG&E developed its forecast of service transformers for the 2024 GRC application – the average cost for service transformers used for energization was \$9,472.
- f. As shown in SDG&E's work paper titled, "*A.25-04-015 Transformer Costs.xlsx*", the average cost for transformers used for energization based on average purchase price was \$18,211 in 2024 dollars. The amount forecasted in 2025 and 2026 included an increase of 13% which is meant to include growth in demand and inflation.

PUBLIC ADVOCATES OFFICE DATA REQUEST NO. 2

A.25-04-015

SDG&E RESPONSE

DATE RECEIVED: JUNE 2, 2025

DATE RESPONDED: JUNE 10, 2025

- g. The reference in Exhibit No. SDG&E-1 to the Boston Consulting Group (BCG) study at footnote 27 was in the context of metal prices generally, not specifically “transformer costs,” although metal prices are clearly a significant driver of transformer costs. BCG did not perform a “transformer cost assessment” and SDG&E did not provide BCG with purchase receipts in support of this non-existent assessment.

REQUEST 12

12. In SDG&E’s Testimony Chapter 1 at BB-14, BB-23/24, BB-26, and BB-28, SDG&E summarizes the 2024 GRC authorized and requested incremental cost estimates for capacity, new business, materials, and IT enhancements respectively.
- a. Provide, using the attached excel table, the amount of recorded energization project spending for the years 2024, 2025, and 2026, broken down in the cost categories outlined within capacity, materials, and new business.
 - b. Provide workpapers specific to this application that explain how SDG&E performed these calculations.
 - c. Provide explanations as to how the “GRC Imputed Authorized 2025” amounts from the GRC were calculated.

SDG&E RESPONSE

- a. The recorded direct capital energization-related spending for the year 2024 in the Capacity/Expansion Category, the New Business Category, the Materials Category, and the IT Enhancements Category can be determined from Tables 2, 6, 8 and 9 in Exhibit No. SDG&E-1. Simply add the 2024 GRC Authorized amounts to the 2024 incremental amounts.

Similarly, the estimated direct capital energization-related spending for the years 2025 and 2026 can be determined from Tables 2, 6, 8 and 9 in Exhibit No. SDG&E-1. Simply add the 2025 and 2026 GRC Imputed Authorized amounts to the 2025 and 2026 incremental amounts.

Note that there are no GRC authorized amounts for the IT Enhancements Category since this category was not, and could not have been, known at the time SDG&E assembled its 2024 GRC application.

- b. See SDG&E work papers titled “*A.25-04-015 Transformer Costs.xlsx*”, “*A.25-04-015 IT Enhancements Forecast.xlsx*”, “*A.25-04-015 Incremental Cost Forecast.xlsx*”.
- c. See SDG&E’s response to Request 33.a in TURN Data Request 1.

REQUEST 13

13. In SDG&E’s Testimony Chapter 1 at BB-10, SDG&E states it “estimated these (capacity/expansion 2024 GRC category) costs using either a 3- or 5- year historical average forecast methodology or a “zero-based” forecasting approach. The zero-based forecasting approach utilizes construction labor rates, material costs, contract/pricing quotes, and other upgrades specific details.”

PUBLIC ADVOCATES OFFICE DATA REQUEST NO. 2

A.25-04-015

SDG&E RESPONSE

DATE RECEIVED: JUNE 2, 2025

DATE RESPONDED: JUNE 10, 2025

- a. Provide the methodology and analysis behind the historical average forecast methodology and the “zero-based” forecasting approach.
- b. Provide the specific costs in which the historical average forecast methodology was utilized and the costs in which the zero-based approach was utilized.
- c. Provide workpapers that break down, for each capacity cost category, how much the increase is due to increased load forecasts (greater demand and state electrification goal driven), higher material prices, higher labor costs, domestic supply shortages, and/or any other factor.
 - i. Provide explicit quantitative detail on how each of these factors has changed, including percentage price increases, since the TY2024 GRC filing.

SDG&E RESPONSE

- a. As a point of clarification, the discussion at lines 9-12 on page BB-10 of Exhibit No. SDG&E-1 is referring to the methodology used to produce cost estimates for SDG&E’s 2024 GRC application. For the 2024 GRC, SDG&E used the combination of zero-based forecasting approach and historical average forecast methodology. SDG&E did not employ either methodology in developing its forecast costs for the Capacity/Expansion Category in SDG&E’s SB 410 application. The methodology employed to estimate incremental direct capital costs for the Capacity/Expansion Category is discussed in section III.A.3 of Exhibit No. SDG&E-1.
- b. Not applicable.
- c. SDG&E’s workpaper, titled “*A.25-04-015 Incremental Costs Forecast.xlsx*”, shows how the incremental energization-related direct capital costs for the Capacity/Expansion Category were calculated. Further description of the methodology is provided in SDG&E’s response to Request 30 of TURN Data Request 1. These calculations do not break down the specific amount of costs that are due to load forecasts, labor costs or supply shortages that were greater than expected at the time SDG&E prepared its 2024 GRC application. However, as discussed in Exhibit No. SDG&E-1, these factors do support SDG&E’s request for incremental funding under the SB 410 mechanism.

REQUEST 14

14. In SDG&E’s Testimony Chapter 1 at ED-3, SDG&E states, “the dates projects are placed in service—and for transformers, meters, and land, the dates of purchase—will determine the year in which the incremental revenue requirements are recorded in the EEMA.” SDG&E, in ED-4 and ED-5, supports this approach in stating, “SDG&E’s accounting treatment of energization costs included in the calculation of the actual revenue requirement to be recorded in the EEMA for purposes of costs recovery pursuant to SB 410, is consistent with the FERC USOA and SDG&E’s standard practice.”

- a. Provide a historical record as to past use of “date of purchase” as the year in which the incremental revenue requirements for transformers, meters, and land are recorded in the Electric Energization Memorandum Account (EEMA). Specifically, detail and provide evidence of all instances where SDG&E has utilized and the Commission has approved the

PUBLIC ADVOCATES OFFICE DATA REQUEST NO. 2

A.25-04-015

SDG&E RESPONSE

DATE RECEIVED: JUNE 2, 2025

DATE RESPONDED: JUNE 10, 2025

date of purchase as the year in which the incremental revenue requirements for these expenses are recorded in the EEMA.

- b. Provide evidence of all instances where SDG&E has utilized and the Commission has not approved the date of purchase as the year in which the incremental revenue requirements for these expenses are recorded in the EEMA.
- c. Provide evidence of all instances where SDG&E has utilized the date transformers, meters, and land were placed in service, rather than the date of purchase, as the year in which the incremental revenue requirements for these expenses are recorded in the EEMA.

SDG&E RESPONSE

See SDG&E's response to Request 4 of TURN Data Request 1.

- a. No costs have been recorded in the EEMA as the account has yet to be established.
- b. The Commission has neither approved nor disapproved the recording of any expenses in the EEMA as the account has yet to be established.
- c. No costs have been recorded in the EEMA as the account has yet to be established.

ATTACHMENT 5
SDG&E Response to Public Advocates Office
Data Request No. 1
A.25-04-015

PUBLIC ADVOCATES OFFICE DATA REQUEST NO. 1

A.25-04-015

SDG&E RESPONSE

DATE RECEIVED: MAY 28, 2025

DATE RESPONDED: JUNE 11, 2025

GENERAL OBJECTION TO ALL DATA REQUESTS

SDG&E objects to each and every request in PubAdv-SDG&E-001 to the extent it seeks the production of information that is neither relevant to the subject matter involved in the pending proceeding nor is reasonably calculated to lead to the discovery of admissible evidence. Specifically, it appears that the questions in this data request are aimed at exploring the reasonableness of the specific IT Enhancements SDG&E intends to utilize to comply with the Commission's energization directives, including the mandates set forth in D.24-09-020. However, SDG&E is not seeking a reasonableness review or final recovery of any costs through this Application. Rather, SDG&E is simply requesting approval to establish the ratemaking mechanism as authorized by SB 410 and reserves the right to utilize the mechanism at its discretion. SDG&E's proposed annual caps are based on a reasonable and good faith forecast of future energization needs as well as anticipated technology to meet compliance reporting requirements. To that end, the proposed annual caps are not intended to reflect a firm forecast or projection. Pursuant to Pub. Util. Code Section 937(b)(3), the reasonableness of the costs actually incurred under the SB 410 ratemaking mechanism will be reviewed in the next general rate case. This general objection is incorporated into each of the individual responses below.

REQUEST 1

1. In SDG&E's Testimony, Ch. 1 at BB-28, SDG&E identifies the Nexus Digital Application. SDG&E states that the "platform will provide real-time visibility into project status and potential delays, streamline workflow management across departments, and facilitate proactive resource allocation and bottleneck prevention."

In SDG&E's Testimony, Ch. 1 at BB-28, SDG&E states that, "[w]ithout Nexus, SDG&E's ability to be fully in compliance with D.24-09-020 is at risk. While not all detailed requirements for Nexus have been developed at this time, SDG&E envisions it as a core platform for reducing timelines, enhancing the customer experience, and collecting and reporting data to meet the requirements of D.24-09-020."

- a. Is SDG&E the original developer of the Nexus Digital Application platform?
- b. If the answer to question 1(a) is yes:
 - i. When did SDG&E first develop the Nexus Digital Application platform?
 - ii. Has SDG&E requested funding authorization to develop the Nexus Digital Application platform (or the same or similar platform) in any other past or current proceeding(s) or other venue(s) before the Commission (other than this instant Application)? If yes:
 1. Identify the proceeding(s) or other venue(s) before the Commission.
 2. Identify the funding amount that SDG&E requested.
 3. State whether the Commission authorized the development of the Nexus Digital Application platform and the amount of funding the Commission authorized.

PUBLIC ADVOCATES OFFICE DATA REQUEST NO. 1

A.25-04-015

SDG&E RESPONSE

DATE RECEIVED: MAY 28, 2025

DATE RESPONDED: JUNE 11, 2025

- c. Did SDG&E submit a request for offer (RFO) or request for proposal (RFP) for the Nexus Platform Application? If so, provide the results of the solicitation(s).
- d. Did SDG&E submit an RFO or RFP for a platform that serves the same or similar functions as the Nexus Digital Application platform?
 - i. If yes, provide the results of the solicitation(s).
 - ii. If not, why not?

SDG&E RESPONSE

- a. Yes, using a leading System Integrator (SI) provider.
- b. Yes.
 - i. Development on Nexus started in Oct 2024 and is currently under development.
 - ii. No.
 - 1. N/A
 - 2. N/A
 - 3. N/A
- c. No, SDG&E has a Master Services Agreement (MSA) with a System Integrator provider with pre-negotiated rates that were validated through a 3rd party benchmark assessment.
- d. No.
 - i. N/A
 - ii. SDG&E conducted market research and completed an assessment and determined that a customer solution (Nexus) would be best to address requirements.

REQUEST 2

- 2. In SDG&E's Testimony, Ch. 1 at BB-26 to BB-27, SDG&E states that its "existing systems cannot fully support the comprehensive tracking and reporting requirements mandated by D.24-09-020. To achieve compliance, SDG&E must implement enterprise-wide system enhancements that . . . Align with Actual Cost Billing ("ACB") requirements established in D.23-12-037."
 - a. In detail, describe the ACB requirements and the platform(s) SDG&E currently uses to implement the ACB.
 - b. Has SDG&E requested funding to solicit and contract with a third party(s) to develop and use a platform(s) to implement the ACB requirements and/or has SDG&E requested funding to independently develop and use a platform to implement the ACB requirements?
 - c. If the answer to Question 2(b) is yes:
 - 1. Identify the proceeding(s) or other venue(s) before the Commission where SDG&E made those requests.
 - 2. Identify the funding amount(s) that SDG&E requested.
 - 3. State whether the Commission authorized SDG&E to solicit and

PUBLIC ADVOCATES OFFICE DATA REQUEST NO. 1

A.25-04-015

SDG&E RESPONSE

DATE RECEIVED: MAY 28, 2025

DATE RESPONDED: JUNE 11, 2025

contract with a third party(s) to develop and use a platform(s) to implement the ACB requirements and/or authorized SDG&E to independently develop and use a platform to implement the ACB requirements, as well as the amount of funding the Commission authorized

- d. Is the platform(s) used to implement the ACB requirements completed and operational?
- e. If the answer to Question 2(d) is no, describe in detail the status of developing and implementing the platform to implement the ACB requirements.
- f. To the extent the Commission authorized SDG&E funding to solicit, develop, implement, etc. a platform to implement the ACB requirements, how much funding has SDG&E spent and how much funding has SDG&E not yet spent? N/A

SDG&E RESPONSE

- a. SDG&E currently uses SAP for applicable projects requiring Actual Cost Billing (ACB). Ordering Paragraph 3 of Decision 23-12-037¹ specifies the requirements of ACB while Resolution G-3598 directed the utilities to update their existing tariffs to implement these requirements²
- b. No, SDG&E has not requested funding to develop a platform to implement ACB requirements
- c. N/A
- d. SAP, which is currently the platform that is used for Actual Cost Billing projects, utilizes a manual process. As we develop new systems, we will work to align them with ACB requirements and automate existing processes.
- e. N/A
- f. SDG&E has not requested funding specifically to develop a platform for ACB requirements.

REQUEST 3

- 3. In SDG&E's Testimony, Ch. 1 at BB-29, SDG&E states that it "provides customers with an online self-service web application called the Builder Services Portal ("BSP"). The BSP is utilized by customers to input requests for new and upgraded gas and electric distribution services as well as track project milestones and more... SDG&E IT systems currently lack the ability to track or report the granular timelines and additional project information required by D.24-09-020. The current data that is displayed to the customer in BSP comes from other IT systems. While the BSP provides customers with basic project timeline information, upgrades to the BSP are necessary to meet D.24-09-020 requirements."

¹ OP 3 of D.23-12-037: "Effective January 1, 2025, all mixed-fuel new construction projects will pay, at the end of project completion, the final actual costs of an electric in extension instead of estimated costs."

² Pg 2 of Resolution G-3598: "requires that utilities change their existing tariffs such that the applicant at whose behest the natural gas pipelines are being extended, pay for the total actual costs of the extension and not the initial estimated costs only."

PUBLIC ADVOCATES OFFICE DATA REQUEST NO. 1

A.25-04-015

SDG&E RESPONSE

DATE RECEIVED: MAY 28, 2025

DATE RESPONDED: JUNE 11, 2025

- a. In detail, describe which IT systems SDG&E is currently pulling its data from, and specify what data is reported to customers on the BSP.
- b. What timelines and project information are SDG&E unable to provide its customers with its current IT systems that are required by D.24-09-020? Explain what analysis has been done to determine why current systems are unable to provide this information.
- c. Explain in detail which enhancements SDG&E intends to utilize and what analysis SDG&E has done to determine which upgrades are necessary.
- d. Provide a detailed breakdown of the forecasted BSP modernization costs (2024-2026), including, but not limited to, labor, third-party vendor costs, software development, testing, and maintenance.
 - 1. Explain the methodology used to estimate the project costs.
- e. How will the BSP modernization integrate with the other proposed IT enhancements?
- f. What specific improvements will the new BSP deliver for customers?
- g. Will the customers be able to track their energization projects through all eight steps identified in D.24-09-020?

SDG&E RESPONSE

- a. BSP currently pulls from SAP ECC and SAP HANA and MyPermits (custom web-based solution) for data presented to customers. The Builder Services Portal is currently capable of providing information including, but not limited to the general project status, meter information, payment and/or fee information, and contact information of SDG&E representative.
- b. Current SDG&E systems cannot provide detailed timeline tracking and reporting for energization projects as required by Decision (D.) 24-09-020. This includes real-time project status and delays, detailed metrics for the eight-step energization framework, increased project visibility, and early warning systems for delays. An analysis of current systems' inability has identified fragmented systems: SDG&E has historically relied on multiple systems for various activities. With expanding requirements, the use of multiple different systems results in inefficiencies that hinder compliance with D.24-09-020's tracking requirements. This analysis has been informed by a review of existing systems and processes in conjunction with the development of SDG&E's first Biannual Energization Report and detailed review of D.24-09-020.
- c. SDG&E intends to utilize several enhancements for the Builder Services Portal (BSP) to meet the compliance requirements of Decision 24-09-020. These enhancements include: (1) Seamless Integrations with IT Systems: This will enhance customer visibility by providing real-time project status updates and potential delays, (2) Collection of Required Data: Additional fields will be added to collect the necessary data, (3) Enhanced Customer Experience and Communication: The BSP will be upgraded to improve the overall customer experience and communication, (4) Single Point of Contact Functionality: This will provide customers with a single point of contact for their projects, and (5) Project Status within Eight-Step Energization Process: The BSP will display the project

PUBLIC ADVOCATES OFFICE DATA REQUEST NO. 1

A.25-04-015

SDG&E RESPONSE

DATE RECEIVED: MAY 28, 2025

DATE RESPONDED: JUNE 11, 2025

status within the eight-step energization process. SDG&E has determined these upgrades are necessary to improve the customer experience and comply with the granular requirements mandated by Decision 24-09-020.

- d. A detailed breakdown of forecasted BSP modernization costs is included in SDG&E's workpapers, (see "*A.25-04-015 IT Enhancements Forecast.xlsx*").
 - 1. The estimates were provided based on a high-level understanding of the scope at the time of submission of SDG&E's workpaper and application. The estimates were developed using a capacity-based team structure and using average rates of labor and non-labor using commonly used IT delivery roles. The forecast will be refined as and when detailed requirements and designs are developed over the course of the planning and development of the Builder Services Portal (BSP).
- e. A full assessment of BSP is currently in progress. The project has not been fully scoped or formally started. Therefore, a comprehensive list of all potential integrations cannot be provided at this time.
- f. A full assessment of BSP is currently in progress and the project has not been fully scoped or formally started. SDG&E is prioritizing the single point of contact, collaboration, transparent interactions, proactive communication, and thoughtful consideration of customer needs within the scope of the analysis.
- g. Yes, BSP will enable customers to monitor their energization projects through all eight steps outlined in D.24-09-020.

REQUEST 4

- 4. In SDG&E's Testimony, Ch. 1 at BB-30, SDG&E states that "in order to meet D.24-09-020 reporting requirements SDG&E requires the development of a centralized data foundation in the cloud."
 - a. In what format is SDG&E currently storing its data?
 - b. Did SDG&E assess on-premises or hybrid solutions before choosing a fully cloud- based foundation? Provide the analysis or internal memos reflecting this evaluation.
 - c. What commercially available solutions were considered or selected, and why?
 - d. Provide a full cost breakdown of the Cloud Data Foundation by year (2024-2026), identifying capital vs. ongoing operation and maintenance costs, vendor/licensing costs, internal labor, and implementation.
 - 1. What forecasting methodology was used to estimate costs?
 - e. What cybersecurity measures will be implemented to protect customer and operational data in the cloud system?

SDG&E RESPONSE

- a. Most data, related to complying with the requirements of D.24-09-020, resides in SAP HANA.
- b. SDG&E implemented a cloud data mesh utilizing cloud technologies in 2022. Developing a cloud-based foundation responsive to the requirements of D.24-09-20 aligns with the overall IT strategy of going cloud first. There are many datasets that already exist in the cloud data mesh that are feeding

PUBLIC ADVOCATES OFFICE DATA REQUEST NO. 1

A.25-04-015

SDG&E RESPONSE

DATE RECEIVED: MAY 28, 2025

DATE RESPONDED: JUNE 11, 2025

dashboards, machine learning models, and systems. Creating a centralized data foundation specific to the requirements laid out in D.24-09-20 will leverage the existing cloud data mesh for access and privacy controls, reusability, and data sharing.

- c. The cloud data mesh has been implemented since 2022. As the platform already existed, there was no need to do an evaluation specific to this proceeding.
- d. A detailed breakdown of forecasted costs is included in SDG&E's workpapers, (see "*A.25-04-015 IT Enhancements Forecast.xlsx*").
 - 1. The estimates provided were based on a high-level understanding of the scope at the time of submission of SDG&E's workpaper and application. The estimates were developed using a capacity-based team structure and using average rates of labor and non-labor using commonly used IT delivery roles. The forecast will be refined as and when detailed requirements and designs are developed over the course of development of the Cloud Data Foundation.
- e. There are robust measures in place in SDG&E's cloud environment which are overseen by SDG&E's cyber, infrastructure, and cloud office teams. They include but are not limited to data loss prevention, encryption at rest and in transit, and rotation of keys every 90 days.

REQUEST 5

- 5. In SDG&E's Testimony, Ch. 1 at BB-30, SDG&E discusses its current Geographic Information System (GIS). SDG&E states "the system's architectural limitations, specifically its inability to support concurrent user access, create a significant bottleneck in project execution that impacts the ability to meet D.24-09-020's accelerated energization requirements... The required GIS enhancement will transform pre-digitization capabilities by implementing a multi-user architecture."
 - a. Explain how the architectural limitations were assessed and what metrics or user data support the conclusion that these limitations create delays in energization timelines.
 - b. Provide a breakdown of the forecasted GIS enhancements costs by year (2024- 2026), including labor, software, hardware, and third-party contracts.
 - c. Please identify the methodology used to derive the cost estimates for the GIS enhancement.
 - d. Describe how the GIS enhancement integrates with other IT systems being developed under this application (e.g. Automated Utility Design, Cloud Data Foundation).
 - e. Does the success of the GIS enhancement rely on the timely deployment of the other systems?
 - 1. If so, describe the interdependencies and any contingency plans.
 - f. Has SDG&E considered commercially available GIS platforms that already support concurrent workflows?
 - 1. If so, provide the results of any market surveys or RFPs issued.

PUBLIC ADVOCATES OFFICE DATA REQUEST NO. 1

A.25-04-015

SDG&E RESPONSE

DATE RECEIVED: MAY 28, 2025

DATE RESPONDED: JUNE 11, 2025

- g. What cost-benefit analyses were conducted to determine that an enhancement to the current GIS system is preferable to a replacement?

SDG&E RESPONSE

- a. Jobs can be delayed for various reasons due to limitations in SDG&E's GIS environment. Multiple designs may be submitted with overlapping points of interest. SDG&E's current model permits only one future state to be captured for any given feature, resulting in one job being placed on hold until the other is addressed. This can lead to scheduling and construction delays. Projects are often issued in multiple segments and can sometimes be received in a different order than construction sequence. SDG&E's current model necessitates maintaining connectivity. Breaks in connectivity will prevent users from posting their work. Jobs that cause connectivity breaks are held until the necessary components are received to ensure continuity within GIS. For example, a new underground job may be received without the necessary feed. The feed for this underground segment will be provided in a subsequent cable pole job. Consequently, this underground job will be placed on hold, causing a delay until the cable pole job is received and processed. With the upgrade, this would no longer be a bottleneck.
- b. The labor and non-labor values for 2024, 2025, and 2026 are provided in SDG&E's workpapers (see "*A.25-04-015 IT Enhancements Forecast.xlsx*", "Additional Details" tab).
- c. The estimates were provided based on a high-level understanding of the scope at the time of submission of SDG&E's workpaper and application. The estimates were developed using a capacity-based team structure and using average rates of labor and non-labor using commonly used IT delivery roles. The forecast will be refined as and when detailed requirements and designs are developed over the course of development of the GIS enhancements.
- d. SDGE currently has a 1-way electric integration from GIS to AUD. While a two-way electric GIS to Automated Utility Design integration has been contemplated, SDG&E has not commenced the GIS enhancement project and has not conducted a plan/analyze phase to determine detailed scope. SDG&E's workpapers (see "*A.25-04-015 IT Enhancements Forecast.xlsx*", "Additional Details" tab) reference AUD as a possible enhanced integration but it is not factored into the estimates provided. SDGE has also not factored a GIS to Cloud Data Foundation integration into the estimates. The cost cap flexibility would allow SDG&E to pursue these projects if they are determined necessary within the timeframe of this ratemaking mechanism.
- e. No.
1. N/A
- f. SDG&E uses ESRI as a GIS platform. SDG&E is planning to upgrade to ESRI's Utility Network which enables a partial posting capability addressing the single threading issue described in the response to subpart 'a' above.
1. N/A
- g. SDG&E has made significant investments in its GIS platform dating back to 2012. The marketplace for Utility Grade GIS vendors is limited with ESRI and GE Smallworld. By upgrading to ESRI's Utility network the single threading issue limitation goes away, consequently replacing the current GIS with another solution is not necessary.

REQUEST 6

6. In SDG&E's Testimony, Ch. 1 at BB-31, SDG&E states "the current design phase relies heavily on manual processes, particularly for conduit path design. While Automated Utility Design's ("AUD") existing capabilities address small underground electric and gas design for

PUBLIC ADVOCATES OFFICE DATA REQUEST NO. 1

A.25-04-015

SDG&E RESPONSE

DATE RECEIVED: MAY 28, 2025

DATE RESPONDED: JUNE 11, 2025

new business, significant enhancements will be required to meet D.24-09-020's accelerated timeline requirements.”

- a. Describe the current capabilities and scope of the existing AUD system, including its use in new business and design work.
- b. What specific manual processes still exist today that the proposed enhancements aim to automate? Provide examples and quantitative estimates of time and error reductions.
- c. How was the need and scale of enhancement determined?
- d. Provide a yearly breakdown (2024-2026) of the estimated capital vs. ongoing maintenance costs, vendor/licensing costs, internal labor, and implementation.
- e. Provide the forecasting methodology used to estimate costs for 2024-2026.
- f. Discuss any quantitative analysis SDG&E has done that examines the extent AUD enhancements will reduce current labor costs.
- g. Will AUD enhancements lead to a reduction in human workforce?
- h. How will the enhanced AUD system be integrated with other IT systems in this application?
- i. Has SDG&E considered purchasing a commercial off-the-shelf utility design system instead of upgrading AUD?
 1. If so, summarize the evaluation.

SDG&E RESPONSE

- a. The AUD system is a comprehensive tool designed to assist users in creating base maps and design sketches while simultaneously performing engineering calculations and generating material and labor for bill of material. The system is composed of three main modules: (1) AUD Configuration, which allows users to create base maps and designs; (2) UDH GIS, which interfaces with the company's GIS system to import GIS data (for gas, it supports both import and export of data, while for underground electric, it supports import only); and (3) UDH EAM, which interfaces with SAP, facilitating integration with enterprise asset management systems. AUD is exclusively used for underground electric and gas design work, cable pole jobs, and base map creation. Currently, the AUD configuration can design 51% of the new business work portfolio, based on its current capabilities.
- b. The following are examples: (1) Overhead Design: All capabilities of overhead electrical designs, drafting, sketching, calculations, and bill of materials remain manual outside of AUD. This manual process involves six system integrations that would consolidate into AUD. The most significant manual process is the inability to extract pole tops from GIS, unlike the underground electrical infrastructure. This requires all removals to be manually identified each time. The overhead scope is 20% of the portfolio that is not actualizing any efficiency gains, (2) Conversions: All capabilities of conversion electrical designs, drafting,

PUBLIC ADVOCATES OFFICE DATA REQUEST NO. 1

A.25-04-015

SDG&E RESPONSE

DATE RECEIVED: MAY 28, 2025

DATE RESPONDED: JUNE 11, 2025

sketching, calculations, and bill of materials remain manual outside of AUD. This manual process involves six system integrations that would consolidate into AUD. This is 29% of the portfolio that is not actualizing any efficiency gains. Conversions also may include overhead designs (see above), (3) Volt Drop and Flicker Calculations: AUD automatically calculates these as the designer drafts the sketch, saving approximately 12% of designer time. It includes overhead calculations and automatically assigns service loads per service worksheets, (4) Design by Location Formatting and Implementation: Provides a 10% efficiency gain on sketch changes, (5) Various Work Requests: The ability to assign proper allocation within design work results in a 15% efficiency gain per location with multiple work requests, (6) Matching New Line Work to Existing GIS Information: Converting new line work to AUD models results in a 20% efficiency gain on base mapping and design sketches, (7) SAP Project Setup: New jobs may need to be manually changed by a system admin due to the inability to change SAP project setup retroactively, resulting in a 5% efficiency gain, (8) File Management and Security: Currently managed independently, posing risks to record retention, customer privacy, and file integrity. Automation would integrate industry-standard file management programs, providing a 10% efficiency gain, though the security error metric is unquantifiable, (9) Integrated System Version Upgrades: AUD must align with AutoCAD version upgrades, as it will not be useful when certain versions become unsupported, and (10) External Designer Usage: Currently, external designers cannot use AUD. Allowing customers to utilize the program through Applicant Design firms could result in cost and timeline efficiencies. Contracted design work would not realize the same efficiencies as internally designed work.

- c. Currently, AUD cannot perform overhead, relocation, or conversion work. The Conversion profile, which includes New Business 20B and 20C designs affected by SB 410, is not completed in AUD. This equates to 49% of the new business portfolio. The need and scale of the enhancement were determined to ensure that all categories of new business work, where energization requirements are in effect, can realize efficiencies to decrease lead times. Additionally, existing manual processes that remain with the current configuration need to be enhanced to increase efficiency.
- d. The labor and non-labor values for 2024, 2025, and 2026 are provided in the SDG&E's workpapers (see "*A.25-04-015 IT Enhancements Forecast.xlsx*", "Additional Details" tab).
- e. The estimates were provided based on a high-level understanding of the scope at the time of submission of SDG&E's workpaper and application. The estimates were developed using a capacity-based team structure and using average rates of labor and non-labor using commonly used IT delivery roles. The forecast will be refined as and when detailed requirements and designs are developed over the course of development of the AUD enhancement phase 2.
- f. The results of AUD usage are promising. Despite limitations in the type and scope of work AUD could be applied to in 2024-2025, SDG&E observed an average efficiency gain of 24.9% during the design phase when AUD was utilized. By addressing the enhancements and increasing the scope of work and capabilities, AUD can be more widely used to reduce energization design timelines. Though the combined capabilities of AUD will equate design timeline efficiencies, due to the ever-increasing complexity, reporting, and workload increases, especially with energization and decarbonization efforts, it is unlikely to result in a reduction in the labor costs but rather help prevent increases.
- g. Workload has increased in 2024 and continues to rise in 2025 year-to-date, with trends showing increases in the new business category of customer work. Although the combined capabilities of AUD are expected to improve design timeline efficiencies, due to the ever-

PUBLIC ADVOCATES OFFICE DATA REQUEST NO. 1

A.25-04-015

SDG&E RESPONSE

DATE RECEIVED: MAY 28, 2025

DATE RESPONDED: JUNE 11, 2025

increasing complexity, reporting, and workload increases, it is unlikely to result in a reduction in human workforce. Instead, it will likely help prevent the need for additional staffing.

- h. The enhanced AUD system will be integrated with at least five other systems through UDH-EAM (UtilityDataHub Enterprise Asset Management) for SAP/PROCORE, UDH-GIS (UtilityDataHub Geospatial Information System), and new UDH hubs for AWS Power BI, AutoDesk Vault, and PPI Data Lake.
- i. No, SDG&E has not considered purchasing other commercial off-the-shelf utility design systems since AUD was first configured. AUD is an off-the-shelf utility design software, but configurations are still necessary to align the software with state and utility-specific requirements. Alternatively, any other out-of-the-box design system would also require significant development and cost. Extensive evaluation was performed when AUD was identified as the optimal application based on capabilities, cost, and efficiency for the original IT business case.

REQUEST 7

7. In SDG&E's Testimony, Ch. 1 at BB-32 and BB-33, SDG&E states "SDG&E's current reliance on manual processes for project development – including design, estimation, and material management—creates operational constraints that impact the ability to meet the accelerated timelines required by D.24-09-020... SDG&E proposes implementing four key AI solutions to transform project development: Design Copilot... Initial Fee Estimate Enhancement... Standards AI Chatbot...Material & Construction Unit (CU) Optimization."

- a. Provide a comprehensive description of each of the four AI use cases.
- b. What criteria were used to determine that these use cases are appropriate for AI implementation rather than improving existing manual processes or systems?
- c. Have any of these AI applications been piloted internally or externally? If so, provide any evaluations metrics.
- d. Provide a line-item breakdown of projected AI-related capital vs. ongoing maintenance costs, vendor/licensing costs, internal labor, software, data labeling, and implementation.
 - 1. What forecasting methodology was used to estimate costs?
- e. What types of data will be used to train and operate each AI solution?
- f. Will any of the AI tools be customer-facing?
 - 1. If so, what safeguards will be in place to ensure accuracy and avoid miscommunication?
- g. What error rates are considered acceptable for each AI tool, and how will performance be monitored and corrected over time?

PUBLIC ADVOCATES OFFICE DATA REQUEST NO. 1

A.25-04-015

SDG&E RESPONSE

DATE RECEIVED: MAY 28, 2025

DATE RESPONDED: JUNE 11, 2025

- h. What are the risks associated with over-reliance on AI in project design, and what oversight will remain?
- i. What cybersecurity protocols will be followed to protect sensitive infrastructure and customer data in training or operating AI systems?
- j. Discuss any quantitative analysis SDG&E has done that examines the extent AI will reduce current labor costs. Will AI enhancements lead to a reduction in human workforce?

SDG&E RESPONSE

- a. The use cases are described as follows: (1) Material & Compatible Unit Optimization: This initiative focuses on leveraging AI and automation to integrate disparate processes and systems. The goal is to increase the frequency, consistency, and accuracy of updates to Compatible Units—design units used in designs that contain labor, material, and equipment details and costs, (2) Design Copilot: Many of SDG&E’s customers’ projects fall into the low complexity, high volume category (e.g., service order work). Utilizing AI to automate low complexity, repetitive designs can potentially reduce design times and increase design consistency and quality, (3) Construction & Design Standards AI Chatbot: Planners and designers rely on construction standards during their planning and design processes. Given the extensive length of these standards, developing an AI chatbot for Construction & Design standards will enhance accessibility and utilization of existing standards, thereby improving planning and design quality and reducing rework time (4) Initial Fee Estimate Enhancement to analyze historical planned vs. actual data patterns, improve estimate accuracy and customer budget planning, and enable data-driven resource allocation.
- b. The criteria used were twofold: first, whether the processes and systems had previously been reviewed, evaluated, or enhanced through other means (people, process, or non-AI technologies). Secondly, whether there was technological feasibility of the use case mapping to AI capabilities that we have or can deliver.
- c. The Construction & Design Standards AI Chatbot has undergone an internal pilot. The following metrics are available from the evaluation:
 - a. Reduced Time Spent Seeking Information: The chatbot aims to reduce the time employees spend searching for information
 - b. Increased Efficiency and Accuracy: The chatbot helps engineers, designers, project managers, and construction employees quickly locate procedures, materials, and compliance steps, thereby increasing efficiency and accuracy.
 - c. User Feedback and Iterative Improvement: The chatbot incorporates a feedback loop in each phase to assess its performance and make necessary adjustments to better meet user needs
 - d. Error Reduction: Ensuring correct and consistent standards are being followed, which reduces the risk of errors in construction projects
 - e. User Adoption and Satisfaction: Gathering feedback from users during pilot testing and soft launches to measure satisfaction and adoption rates
- d. See SDG&E’s workpapers (“*A.25-04-015 IT Enhancements Forecast.xlsx*”, “Additional Details” tab).
 - 1. The estimates were provided based on a high-level understanding of the scope at the time of submission of SDG&E’s workpaper and application. The estimates were developed using a capacity-based team structure and using average rates of labor and non-labor using

PUBLIC ADVOCATES OFFICE DATA REQUEST NO. 1

A.25-04-015

SDG&E RESPONSE

DATE RECEIVED: MAY 28, 2025

DATE RESPONDED: JUNE 11, 2025

commonly used IT delivery roles. The forecast will be refined as and when detailed requirements and designs are developed over the course of development of the AI applications.

- e. The full analysis and design phase for all AI applications has not yet commenced. Consequently, a comprehensive list of data types required for training and operating each AI solution cannot be provided at this time.
- f. No.
 - 1. N/A
- g. The full analysis and design phase for all AI applications has not yet commenced. Consequently, a comprehensive analysis on error rates and performance monitoring cannot be provided at this time.
- h. The full analysis and design phase for all AI applications has not yet commenced. Consequently, a comprehensive analysis on AI over-reliance and oversight cannot be provided at this time.
- i. There are robust measures in place which are overseen by SDG&E's cyber, infrastructure, cloud office, and AI Center of Excellence teams. They include but are not limited to data loss prevention, encryption at rest and in transit, rotation of keys every 90 days, and Responsible AI (RAI) evaluation.
- j. The full analysis and design phase for all AI applications has not yet commenced. Consequently, a comprehensive analysis on labor workforce or cost reductions cannot be provided at this time.