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PUBLIC ADVOCATES OFFICE
CALIFORNIA PUBLIC UTILITIES COMMISSION

Opening Testimony
in Response to San Diego Gas & Electric Company's
Dynamic Rate Application (A.) 26-02-001

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Chapter 3
Revenue Requirement and Cost Recovery

San Francisco, California
September 11, 2026

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CHAPTER 3 REVENUE REQUIREMENT AND COST RECOVERY

I. SUMMARY AND RECOMMENDATIONS

This chapter presents the Public Advocates Office at the California Public Utilities Commission's (Cal Advocates) testimony on costs and cost recovery pertaining to San Diego Gas & Electric Company's (SDG&E) demand flexibility rate (DFR) proposal in Application (A.) 26-02-001.¹ SDG&E requests an incremental revenue requirement of approximately \$11.3 million over a ten-year window (2027 through 2036) to implement its proposed DFR. The Commission should reject SDG&E's request for \$11.3 million in incremental revenue requirement for its DFR proposal. SDG&E fails to demonstrate that its proposed DFR and associated incremental revenue requirement is just and reasonable, and the proposal should therefore be rejected. Furthermore, if the Commission adopts a DFR in this proceeding, it should order SDG&E to reallocate existing, authorized funding to implement the decision, and direct SDG&E to present any additional DFR funding request in its next General Rate Case Phase 1 application (GRC I).

However, if the Commission approves incremental ratepayer funding to support DFR implementation, the Commission should also:

- Adopt one-way balancing account treatment with a 10% cost overrun margin for the additional DFR implementation costs and reject SDG&E's proposal for two-way balancing account treatment.²
- Adopt SDG&E's proposal to recover DFR implementation costs through the PPP rate.³

II. REVENUE REQUIREMENT (Witness: James Lau)

SDG&E requests an incremental revenue requirement of approximately \$11.3 million over a ten-year period (2027 through 2036), comprising \$9.5 million in

¹ Application (A.) 26-02-001, *Application of San Diego Gas & Electric Company (U 902 E) for Approval of Demand Flexibility Rates in Compliance with D.25-08-049*, February 2, 2026.

² A.26-02-001, *Prepared Direct Testimony of Eric Dalton on Behalf of San Diego Gas & Electric Company Chapter 8 - Cost Recovery* (SDGE-08), February 2, 2026, at 1, lines 11-14.

³ A.26-02-001, *Prepared Direct Testimony of Jeff DeTuri on Behalf of San Diego Gas & Electric Company Chapter 1 - Policy* (SDGE-01), February 2, 2026, at 20, lines 13-14.

1 direct costs and \$1.8 million in indirect costs. Of the \$9.5 million in direct costs,
2 \$5.4 million is capital expenditure (CapEX) for billing system software and \$4.1 million
3 is operations and management (O&M) expenses for program management, marketing,
4 web pricing pages, and evaluation studies.

5 **A. Total Disallowance of \$11.3 million Is Warranted Because of the**
6 **Imprudence of the Program and Unsubstantiated Demand.**

7 As SDG&E’s own witness Jeff DeTuri states, SDG&E “does not believe this
8 proposal represents the most cost-effective or prudent use of Commission or SDG&E
9 resources” due to ratepayer affordability challenges.⁴ The assessment of imprudence of
10 the program is supported by SDG&E’s experience with its Dynamic Export Rate Pilot
11 (DERP). The DERP has zero enrolled customers after more than a year of public
12 availability and \$2.4 million spent in implementation.⁵ SDG&E’s own independent
13 evaluator in its 2025 DERP Non-Participant Survey Report reports that SDG&E has;
14 (1) only nine fully eligible customers in its entire service territory; (2) that SDG&E’s
15 direct-email campaign to approximately 7,763 targeted customers left more than
16 80 percent of the surveyed target population unaware the program existed; and (3) that
17 not a single survey respondent was definitely interested in enrolling.⁶ SDG&E’s
18 experience with DERP has shown zero participation and lack of interest, raising the
19 question of whether there is any interest in dynamic rates from customers in SDG&E’s
20 territory.

21 Additionally, approximately 80 percent of SDG&E’s customers receive
22 commodity service from a Community Choice Aggregators (CCA).⁷ SDG&E asserts the
23 CCAs formally decline to implement dynamic commodity rates at this time, citing rate

⁴ SDGE-01, at 1, lines 11-13.

⁵ SDGE-01, at 1, lines 15-18.

⁶ See Appendix B, Attachment 1, *2025 SDG&E DERP Non-Participant Survey Report* (2025 DERP Report), published September 25, 2025, at 1, lines 7-11, line 24.

⁷ SDGE-01, at 1, line 22 through at 2, line 1. See also D.23-11-006, at 31, Findings of Fact 4.

1 design complexity, cost effectiveness concerns, and lack of customer interest.⁸ Funding
2 implementation of a rate with no indication of interest, and where 80% of SDG&E's
3 customers would only be exposed to the non-generation elements of the rate, would be an
4 imprudent use of ratepayer funds, risks creating stranded assets, and would not be just
5 and reasonable.

6 **B. SDG&E's Fails to Adequately Support Its Proposed Costs.**

7 **1. Billing infrastructure.**

8 SDG&E fails to substantiate its \$5,405,000 incremental revenue request for billing
9 system costs.⁹ In a data request response, when asked to "provide copies of any
10 documents used in developing this budget," SDG&E produced no documents, citing only
11 "its own experience...as well as input from its third-party vendor."¹⁰ SDG&E supplied
12 no vendor quote, competitive bid, Request for Proposals (RFP) ledger, or executed
13 Statement of Work. Furthermore, SDG&E's workpapers¹¹ supporting its \$5.4 million IT
14 budget contains zero active formulas or vendor quotes, relying on static entries like a flat
15 and unexplained \$2,000,000 entry.¹² Lastly, SDG&E does not show how its request for
16 billing system software is consistent with its policy declarations that SDG&E will save
17 money by "leveraging existing functionality within its billing system."¹³ SDG&E
18 provides unverified figures and undocumented vendor costs, and therefore the
19 Commission should not find their request for additional revenue requirement approval to
20 be just and reasonable.

⁸ SDGE-01, at 1, lines 20-22.

⁹ See Appendix B, Attachment 2, CALPA-DR-2_SDGE Response.pdf, "Attachment C – Detailed.xlsx."

¹⁰ See Appendix B, Attachment 3, CALPA-DR-17_SDGE Response.pdf, response to question 4, part b.

¹¹ See Appendix B, Attachment 2, CALPA-DR-2_SDGE Response.pdf, "Attachment C – Detailed.xlsx."

¹² See Appendix B, Attachment 3, CALPA-DR-17_SDGE Response.pdf, response to question 4, part b.

¹³ A.26-02-001, *Second Revised Prepared Direct Testimony of Chelsea Haro on Behalf of San Diego Gas & Electric Company Chapter 5 – Implementation* (SDGE-05-2R), June 17, 2026, at 7, lines 5-9.

1 **2. Marketing, education, and outreach.**

2 In SDG&E’s Chapter 6 on Marketing, Education, and Outreach (ME&O),
3 SDG&E requests \$2.45 million for its ME&O budget. However, the 2025 DERP
4 evaluation findings contradict the need for a budget of this magnitude. For the DERP,
5 SDG&E uses the same digital-first, direct-email campaign it proposes in this Application,
6 which targets approximately 7,763 customers over roughly six months.¹⁴ The results of
7 that campaign demonstrate that SDG&E’s approach for DERP is ineffective and brings
8 into question whether a larger budget would necessarily increase pilot participation.
9 SDG&E’s DERP evaluator found more than 80 percent of the targeted population remain
10 unaware of the pilot program¹⁵ and that the principal barriers to participation were
11 structural (eligibility, trust, complexity, and customers’ underlying resources), rather than
12 marketing volume. SDG&E’s DERP evaluator also finds that the most effective channels
13 are inexpensive direct email and business-care-center communications rather than mass
14 paid media.¹⁶

15 SDG&E requests \$829,520 for internal labor costs, equating to roughly one-third
16 of the ME&O request of \$2.45 million.¹⁷ However, SDG&E already maintains a
17 Marketing, Brand & Customer Communications department funded through its current
18 rate base, and has stated in discovery that it “intends to use existing resources”¹⁸ to
19 support ME&O activities. When asked why recovering incremental revenue for existing

¹⁴ See Appendix B, Attachment 1, 2025 DERP Report, at 7-8. Pages 7-8 describe SDG&E’s direct email campaign to approximately 7,763 targeted customers between November 2024 and April 2025.

¹⁵ See Appendix B, Attachment 1, 2025 DERP Report, at 11. Page 11 shows the finding that more than 80 percent of respondents are unaware of the pilot.

¹⁶ See Appendix B, Attachment 1, 2025 DERP Report, at 28-31. Pages 28-31 show the finding that customers prefer direct, personalized communication over advertisements and social media, and identifying lack of on-site generation, program relevance, trust, and perceived complexity as the principal barriers to participation.

¹⁷ CALPA-DR-01_SDGE Response, SDG&E Chapter 6 Workbook (Ch 6_Marketing.xlsx). “Marketing Budget” tab, cells A34 and AN34; compare cell AN38 (total ME&O budget). SDG&E’s workpapers are served concurrently with this testimony.

¹⁸ See Appendix B, Attachment 4, CALPA-DR-08.pdf, response to question 1, part a.

employees would not force ratepayers to pay twice for the same labor base, SDG&E was nonresponsive.¹⁹

Based on these findings, SDG&E has not shown that its proposed \$2.45 million ME&O budget is necessary to meet any potential marketing needs.

3. Evaluation, measurement, and verification.

SDG&E proposes a budget of \$1,647,780 to evaluate its proposed rate for only two years plus an initiation phase.²⁰ However, SDG&E did not provide any quotes, market pricing, or scope of work to support this budget; its estimates are based solely on spending for its existing programs. SDG&E's workpapers show that it developed its Evaluation, Measurement, and Verification (EM&V) budget by adopting round-number annual estimates drawn from spending in its existing programs, then escalating each amount by three percent for the second evaluation year.²¹ For example, SDG&E's workpapers show that the \$216,000 "Miscellaneous research" line for Year 1 is simply \$18,000 per month for twelve months.²² SDG&E bases this value on a \$200,000 "Customer Research for DR Programs" cost from 2024, a cost associated with SDG&E's existing demand response programs in general,²³ not with any evaluation of specific rate as proposed here. The Year 2 amount is the same Year 1 \$200,000 figure but escalated by three percent to \$222,480. SDG&E also states that, in developing this budget, it considered the measurement and evaluation budget from its Real Time Pricing pilot

¹⁹ See Appendix B, Attachment 3, CALPA-DR-17_SDGE Response.pdf, question 3.

²⁰ See Chapter 2 of Cal Advocates' Opening Testimony, Implementation, Marketing, and Evaluations, at 16-17 for more discussion of SDG&E's proposal.

²¹ See Appendix B, Attachment 5, CALPA-DR-16_SDGE Response.pdf, response to question 1, part b. See also CALPA-DR-16-Q1b_SDGE Response.docx.xlsx, "EM&V Budget" tab, Table LGR-1. SDG&E's workpapers are served concurrently with this testimony.

²² CALPA-DR-16-Q1b_SDGE Response.docx.xlsx, "EM&V Budget detail" tab, cells B44-C49. Deriving the \$216,000 estimate as \$18,000 per month over 12 months from a \$200,000 "Customer Research for DR Programs" cost. SDG&E's workpapers are served concurrently with this testimony.

²³ CALPA-DR-16-Q1b_SDGE Response.docx.xlsx, "EM&V Budget detail" tab, cells B46-E46. Line labeled "Customer Research for DR Programs." Showing \$200,000 for program year 2024, escalated to \$210,208 for 2025 and \$220,937 for 2026. SDG&E's workpapers are served concurrently with this testimony.

1 application.²⁴ When asked how its proposed budget for this separate application was
2 developed, SDG&E states that it “is not aware of any additional information regarding
3 development of the budget” beyond the prior testimony itself.²⁵

4 As mentioned, the proposed EM&V budget includes a \$438,480 line item for
5 miscellaneous research, analytical support, and labor support,²⁶ that is not explicitly
6 identified as being related to any specific research task, study, or deliverable.²⁷ SDG&E
7 does not explain what this line item would pay for. The evaluation itself will be
8 performed by an outside consultant selected through a competitive Request for Proposal,
9 and SDG&E’s Chapter 7 workpaper shows that other line items should already fund
10 consultant work.²⁸ If this miscellaneous line item is instead meant to fund SDG&E’s
11 internal labor to support the evaluation, such line item is not a reasonable incremental
12 cost because SDG&E’s existing labor costs are already funded through current rates.
13 Discovery conducted by Cal Advocates only deepens the confusion. The miscellaneous
14 line item originates in SDG&E’s prior Real Time Pricing pilot budget, where it is titled
15 “Miscellaneous research, analytical support, and Labor support.”²⁹ Yet, when asked what
16 the line items includes, SDG&E asserts that this line “does not include labor costs.”³⁰
17 Based on this record, the costs are not just and reasonable.

²⁴ See Appendix B, Attachment 5, CALPA-DR-16_SDGE Response.pdf, response to question 1, at 2.

²⁵ See Appendix B, Attachment 5, CALPA-DR-16_SDGE Response.pdf, Question 1, part a.

²⁶ Spread out over two years, year 1 at \$200,000 and year 2 at \$222,480.

²⁷ CALPA-DR-01_SDGE Response, CHP7_R~1.XLS (Chapter 7 Workpaper). “EM&V Budget” tab, Table LGR-1, row 11 (Miscellaneous research), cell F11 (\$438,480 total, comprising \$216,000 in Year 1 (cell D11) and \$222,480 in Year 2 (cell E11)). SDG&E’s workpapers are served concurrently with this testimony.

²⁸ CALPA-DR-01_SDGE Response, Chapter 7 Workpaper. “EM&V Budget” tab, Table LGR-1, row 8 (Develop RFP, bill impacts, and evaluation plans - \$174,000), row 9 (Load Impact Evaluations - \$609,000), and row 10 (Customer Research - \$426,300). SDG&E’s workpapers are served concurrently with this testimony.

²⁹ CALPA-DR-16-Q1b_SDGE Response.docx.xlsx, “Budget comparison” tab. SDG&E’s workpapers are served concurrently with this testimony.

³⁰ See Appendix B, Attachment 3, CALPA-DR-17_SDGE Response.pdf, question 3.

SDG&E also requests \$174,000 to “develop RFP, bill impacts, and evaluation plans”,³¹ an activity it performs for the Export Rate Pilot without any separate funding request.³² It is not clear why SDG&E requests additional funds for this activity when its budget is based on the Export Rate Pilot budget which does not include funds for this activity.

Comparable evaluation budgets for dynamic rate pilots, both authorized and requested, have been a fraction of the incremental revenue requirement SDG&E is requesting. A comparison is summarized in Table 1 below:

**Table 1: Dynamic-Rate Pilot Evaluation Budgets vs.
the SDG&E DFR EM&V Request**

Program	Evaluation Budget	Comparison to SDG&E’s \$1,647,780 EM&V Budget Request
AgFIT (Valley Clean Energy/Pacific Gas and Electric Company agricultural dynamic rate pilot; 3-year term)	\$420,000 ³³ (authorized)	Request is ~3.9 times pilot budget
Southern California Edison Company Flexible Pricing Rate pilot extension (3-year term)	\$405,000 ³⁴ (requested)	Request is ~4.1 times pilot budget
SDG&E Export Rate Pilot (D.23-11-006; 2-year of operations, plus survey and analysis)	~\$551,259 ³⁵ (authorized)	Request is ~3.2 times pilot budget

³¹ See Appendix B, Attachment 5, CALP-DR-16_SDGE Response.pdf. See also CALPA-DR-16-Q1b_SDGE Response.docx.xlsx, “EM&V Budget” tab, row 8 (Develop RFP, bill impacts, and evaluation plans).

³² CALPA-DR-16-Q1b_SDGE Response.docx.xlsx, “Budget comparison” tab, compare Table LW-2 (SDG&E Export Compensation and RTP Measurement and Evaluation Budget) to Table LGR-1 (Evaluation, Measurement, and Verification Budget). SDG&E’s workpapers are served concurrently with this testimony.

³³ See Appendix B, Attachment 6, PG&E Advice Letter (AL) 6495-E, *Agricultural Pumping Dynamic Rate Pilot* (implementing D.21-12-015), April 26, 2022, at 4.

³⁴ D.24-01-032, at 45.

³⁵ D.23-11-006, at 26-27. See also CALPA-DR-16-Q1a_SDGE Response.docx.xlsx. Commission authorized an additional \$40,000 in survey-incentive costs in D.23-11-006, authorizing a total of \$551,259.

SDG&E's \$1,647,780 request is roughly four times the authorized AgFIT budget of \$420,000 and SCE's requested evaluation costs of \$405,000 for its Flexible Pricing Rate pilot extension. It is also more than three times the authorized budget of \$551,259 for SDG&E's own Export Rate Pilot, despite the Export Rate Pilot's two-year operational timeframe, with additional time for survey and analysis.³⁶ Based on these comparisons, SDG&E budget request does not seem to be reasonable.

4. Revenue requirement.

SDG&E indicates that its Chapter 9 revenue requirement workpaper is a black box that cannot be audited outside of corporate firewalls.³⁷ SDG&E's workpaper presents inputs as hardcoded values rather than formulas showing how the values are derived. When asked for a formula-intact version or a cell-by-cell reconciliation, SDG&E responds that the calculations are "embedded within" its revenue requirement model and that it "does not provide its revenue requirement model to external parties."³⁸ SDG&E's insistence that it cannot show how values in its workpaper are developed continued over two meet-and-confer meetings between Cal Advocates and SDG&E.³⁹ Cal Advocates informed SDG&E that it "is unable to prepare proper testimony with SDG&E's workpapers that have no active links and formulas to show SDG&E's work."⁴⁰ SDG&E later states that "there is not a separate set of supporting calculations that can be produced independent of the model itself," that the model "cannot be effectively reviewed or replicated outside of SDG&E's internal environment," and that "the revenue

³⁶ See Appendix B, Attachment 1, 2025 DERP Report, at 1. The Export Rate Pilot's evaluation period covered the pilot's full two-year operational period from January 1, 2025, through December 31, 2026, plus pre-launch surveys and post-pilot analysis extending into 2027.

³⁷ See Appendix B, Attachment 3, CALPA-DR-17_SDGE Response.pdf, question 2.

³⁸ See Appendix B, Attachment 3, CALPA-DR-17_SDGE Response.pdf, question 2, part a.

³⁹ See Appendix B, Attachment 7, Meetings between Cal Advocates and SDG&E on June 25, 2026, and July 14, 2026.

⁴⁰ See Appendix B, Attachment 7, E-mail correspondence between Cal Advocates and SDG&E, June 25, 2026.

1 requirement will not tie directly to the total budget request on a dollar-for-dollar basis.”⁴¹
2 SDG&E’s arguments mean that no party is able to verify how SDG&E’s proposed budget
3 would translate to the revenue requirement ratepayers would bear. By providing mostly
4 hardcoded workpapers and failing to produce the underlying formulas, assumptions, or
5 any reconciliation, SDG&E makes it impossible for any stakeholder to trace how the
6 billing, ME&O, and EM&V budgets discussed above become the revenue requirement
7 that ratepayers would actually pay. This is particularly true since, by SDG&E’s own
8 admission, the total budget request does not directly reconcile with the revenue
9 requirement. Without a means of verifying, validating, or tracing SDG&E’s proposed
10 revenue requirement, the Commission has no basis to find SDG&E’s request reasonable.

11 SDG&E also blocks discovery that would allow stakeholders to adequately
12 scrutinize its Application and its cost recovery request.⁴² SDG&E justifies seeking
13 incremental ratepayer funding, rather than seeking cost recovery through its GRC I, on
14 the grounds that its test year 2024 GRC “failed to sufficiently fund capital investments in
15 the post-test years.”⁴³ Cal Advocates requested the data underlying that claim, including
16 the figures that would show whether SDG&E’s GRC funding is in fact insufficient.
17 SDG&E refuses to produce that data, objecting that the data supporting its asserted
18 funding insufficiency is “neither relevant to the subject matter involved in the pending
19 proceeding nor reasonably calculated to lead to the discovery of admissible evidence.”⁴⁴
20 SDG&E thus asserts a GRC I funding shortfall as the basis for its budget request while
21 withholding data that would substantiate that shortfall. The effect of these objections is
22 to insulate SDG&E’s request from the regulatory scrutiny that discovery exists to

⁴¹ See Appendix B, Attachment 7, E-mail correspondence on July 17, 2026 between Cal Advocates and SDG&E.

⁴² See Appendix B, Attachment 8, CALPA-DR-14_SDGE Response.pdf, response to Questions 1-3 (citing A.22-05-015 and D.24-12-074, at 29). See also Appendix B, Attachment 3, CALPA-DR-17_SDGE Response.pdf, response to Question 1.

⁴³ See Appendix B, Attachment 8, CALPA-DR-14_SDGE Response.pdf.

⁴⁴ See Appendix B, Attachment 8, CALPA-DR-14_SDGE Response.pdf.

1 provide. As a result, no party can test whether SDG&E's claim that a funding gap exists,
2 and the record contains no evidence supporting it.

3 SDG&E refuses to provide discovery responses about how it calculates its revenue
4 requirement. Additionally, SDG&E provides no means of verifying how its proposed
5 budgets translate to the revenue requirement that ratepayers would pay, and it withholds
6 the data underlying the claimed GRC funding shortfall that serves as the premise for its
7 standalone funding request. Because SDG&E does not demonstrate that its proposed
8 budget and resulting revenue requirement are just and reasonable, the Commission should
9 reject SDG&E's request.

10 **C. If the Commission Adopts a Rate in this Application, It Should**
11 **Order SDG&E to Reallocate Existing Authorized Funding and**
12 **Request Any Additional Demand Flexibility Funding in Its**
13 **General Rate Case.**

14 If the Commission decides to adopt a dynamic rate in this proceeding, it should
15 not authorize new incremental funding to SDG&E. SDG&E fails to show that existing
16 authorized funding for marketing, customer support staff, billing system operations, and
17 capital investments cannot be reallocated. The Commission should order SDG&E to use
18 previously authorized funds and present any truly incremental demand flexibility request
19 in its next GRC Phase I application. For EM&V specifically, the Commission should
20 require SDG&E to repurpose funding previously authorized in D.23-11-006 for the
21 DERP. Since the pilot has no participants, it cannot have performed the bulk of its
22 forecasted evaluation work, and approximately \$501,259 should remain available for
23 reallocation.

24 Finally, the Commission should reject SDG&E's attempt at single-issue
25 ratemaking.⁴⁵ SDG&E seeks incremental revenue requirements spanning ten years, but
26 this type of multi-year funding belongs in a GRC, where it can be scrutinized against
27 SDG&E's total authorized revenue requirement. SDG&E itself argued that litigating

⁴⁵ Single-issue ratemaking refers to adjusting rates for a discrete cost or revenue requirement outside a GRC, rather than evaluating those costs/revenue requirements together with a utility's broader GRC application.

1 these costs alongside its upcoming GRC would create “procedural overlap and wasted
2 resources.”⁴⁶ Therefore, the most efficient path forward would be to evaluate any
3 demand flexibility funding in SDG&E’s next GRC.

4 **III. COST RECOVERY (Witness: Christopher Hogan)**

5 **A. Capped, One-Way Balancing Account Treatment for SDG&E’s** 6 **DFR Proposal Prevents a Ratepayer-Funded Blank Check.**

7 The Commission should deny SDG&E’s incremental cost recovery request with
8 two-way balancing account treatment because SDG&E fails to support its asserted need.
9 Instead, SDG&E should use the approved ratepayer funds it already received to
10 implement this rate from SDG&E’s 2024 GRC Phase 1 decision.⁴⁷ In fact, the California
11 State Auditor specifically warned the Commission that cost recovery applications, such
12 as this Application, provide the opportunity for double recovery of costs already
13 approved in GRC Phase 1 applications.⁴⁸ The Commission should consider any requests
14 for additional ratepayer funds to implement the DFR in SDG&E’s future GRC Phase 1
15 applications, instead of through separate cost recovery applications and two-way
16 balancing account adjustments.

17 However, if the Commission adopts an incremental revenue increase to support
18 DFR implementation, the Commission should also adopt one-way balancing account
19 treatment with a 10% cost overrun margin, to track implementation costs for the DFR and
20 protect ratepayers from cost overruns. Further, rejecting SDG&E’s proposed two-way
21 balancing account treatment⁴⁹ aligns with the Commission’s decision in Sempra’s 2024

⁴⁶ See Appendix B, Attachment 5, CALPA-DR-16_SDGE Response.pdf, question 1, part a.

⁴⁷ See Section II.C. of this chapter for more discussion.

⁴⁸ See Appendix B, Attachment 9, California State Auditor Report 2022-115, Electricity and Natural Gas Rates: The California Public Utilities Commission and Cal Advocates Can Better Ensure That Rate Increases Are Necessary, August 2023, at 41, available at, <https://information.auditor.ca.gov/pdfs/reports/2022-115.pdf>, accessed June 29, 2026 (“Moreover, there is risk that a utility may attempt to include activities in a cost recovery application that are the same as those it already included in a general rate case application, thus passing on the same costs to customers twice.”).

⁴⁹ SDGE-08, at 1, lines 11-14.

1 GRC 1,⁵⁰ and provides the Commission with an opportunity to uphold its commitment to
2 ratepayer affordability.⁵¹ One-way balancing account treatment prevents ratepayers
3 paying for cost overruns⁵² and provides SDG&E with a financial incentive to prudently
4 manage ratepayer funds instead. SDG&E's two-way balancing account treatment
5 proposal⁵³ allows SDG&E to recover excessive implementation cost overruns from
6 ratepayers⁵⁴ with minimal Commission oversight.⁵⁵

7 **1. One-way balancing account treatment provides SDG&E**
8 **full recovery of its approved implementation costs with**
9 **appropriate cost controls.**

10 Adopting one-way balancing account treatment with a 10% cost overrun margin to
11 track DFR implementation costs provides numerous benefits over SDG&E's proposal for
12 two-way balancing account treatment. A one-way balancing account caps the costs a
13 utility can record and recover in the account. A margin can be added to the account to
14 move the cap higher to account for cost overruns. Adopting a one-way balancing account
15 with a 10% cost overrun margin allows SDG&E to recover the approved revenue to

⁵⁰ D.24-12-074, at 7 ("The Commission also denies requests for two-way balancing accounts. The decision converts some existing accounts to one-way balancing accounts to incentivize better cost controls and more efficient operations to protect ratepayers from future cost recoveries due to undercollection.").

⁵¹ Pub. Util. Code §739(d)(2) ("In establishing residential electric and gas rates, including baseline rates, the commission shall ensure that the rates are sufficient to enable the electrical corporation or gas corporation to recover a just and reasonable amount of revenue from residential customers as a class, while observing the principle that electricity and gas services are necessities, for which a low affordable rate is desirable and while observing the principle that conservation is desirable in order to maintain an affordable bill.").

⁵² D.24-12-074, at 25 ("One-way accounts track actual expenses up to an amount authorized for recovery by the Commission. A utility is required to refund to customers any difference between the amount authorized for recovery in rates and the actual recorded expense, if the actual recorded expenses are less.").

⁵³ SDGE-08, at 1, lines 11-14.

⁵⁴ D.24-12-074, at 25-26.

⁵⁵ D.24-12-074, at 850 ("Based on the evidence and arguments, the Commission finds that liberal use of two-way balancing accounts, which often ensure cost recovery from ratepayers with limited reasonableness reviews, disincentivizes utilities including SoCalGas and SDG&E from controlling their costs through efficient operations and protecting ratepayers from future cost recoveries due to undercollection.").

1 implement the DFR, up to the 10% revenue margin to cover any truly unforeseen
2 implementation costs, and returns any unspent funds to ratepayers.⁵⁶ In contrast, two-
3 way balancing account treatment would also allow SDG&E to recover theoretically
4 unlimited cost overruns for DFR implementation from ratepayers⁵⁷ which provides no
5 financial incentive for SDG&E to prudently manage ratepayer funds. Thus, one-way
6 balancing account treatment would provide SDG&E with full cost recovery to implement
7 the DFR predicated on SDG&E's prudent management of its spending and business
8 operations.

9 **2. SDG&E's experience implementing rates should result in**
10 **DFR implementation cost forecasts that would not**
11 **underestimate SDG&E's spending.**

12 The Commission should also adopt one-way balancing account treatment with a
13 10% cost overrun margin because this method holds SDG&E financially responsible for
14 implementation cost forecasts for its own DFR proposal. SDG&E's experience
15 implementing dynamic and non-dynamic rates as an electric utility should provide the
16 requisite expertise to reasonably forecast DFR implementation costs. While SDG&E
17 fails to provide sufficient support for its proposed budget, discussed in sections above, it
18 should have sufficient experience to not underestimate its proposed costs.

⁵⁶ D.20-09-021, *Decision Approving Essential Usage Study and Budget*, September 28, 2020, at 20-21. The Commission described its approved capped one-way balancing account treatment for the Essential Usage Study (EUS) costs as, "Such a balancing account only allows the large electrical corporations to recover their actual EUS expenditures in rates up to the cap imposed by this decision. If the one-way capped balancing account records EUS expenditures in excess of the cap established by this decision, then those expenditures may not be recovered in rates."

⁵⁷ D.24-12-074, at 25-26 ("Such accounts [Two-way balancing accounts] can be adjusted up or down. If actual recorded expenses are more (or less) than already reflected in rates, a rate increase (or decrease) is applied in order to bring the account balance to zero.").

1 In addition to the numerous tier⁵⁸ and time-of-use⁵⁹ based rates SDG&E
2 previously implemented, SDG&E's direct experience implementing the DERP⁶⁰ should
3 provide SDG&E with sufficient, additional experience to forecast implementation costs
4 for other dynamic rates. SDG&E's experience means that it is unlikely to underestimate
5 the costs associated with its proposal and therefore, two-way balancing account treatment
6 is unnecessary. The Commission should adopt one-way balancing account treatment
7 with a 10% cost overrun margin as reasonable.

8 **3. One-way balancing account treatment appropriately**
9 **holds SDG&E, and not ratepayers, financially responsible**
10 **for SDG&E's own business decisions.**

11 One-way balancing account treatment reasonably caps the amount of additional
12 ratepayer funds needed for DFR implementation. A hard cap prevents additional funding
13 requests resulting from SDG&E significantly under-forecasting its own business activity
14 costs and other imprudent business operations.⁶¹ In other words, one-way balancing
15 account treatment acts as a ratepayer protection mechanism against incorrectly forecasted
16 implementation costs and also incentivizes SDG&E to control its business costs through

⁵⁸ D.15-07-001, *Decision on Residential Rate Reform for Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company and Transition to Time-of-Use Rate*, Table: Approved Glidepath for Tier Consolidation (SDG&E), July 13, 2015, at 293. See also D.21-03-003, *Decision Concerning Adjustment of the High Usage Charge for the Large Electrical Corporations*, March 8, 2021, at 38, Ordering Paragraph 1. D.15-07-001 approved a gradual reduction in the number of tiers for SDG&E's tier electric rate, from four tiers to two tiers and a super user energy charge (High Usage Charge or HUC) which functionally served as a third tier. Six years later, D.21-03-003 eliminated the HUC as well.

⁵⁹ SDG&E implemented at least eight residential TOU rates since the year 2000, including TOU-DR, DR-SES, EV-TOU, EV-TOU-2, EV-TOU-5, TOU-DR1, TOU-DR2, and TOU-ELEC. SDG&E's Historic Residential Rates, available at <https://tariffsprd.sdge.com/sdge/historical/?utilId=SDGE&bookId=ELEC§Id=ELEC-SCHEDS&tarfRateGroup=Residential%20Rates>, accessed June 29, 2026.

⁶⁰ SDGE-01, at 11, lines 14-15.

⁶¹ D.24-12-074, at 850 ("Based on the evidence and arguments, the Commission finds that liberal use of two-way balancing accounts, which often ensure cost recovery from ratepayers with limited reasonableness reviews, disincentivizes utilities including SoCalGas and SDG&E from controlling their costs through efficient operations and protecting ratepayers from future cost recoveries due to undercollection.").

1 efficient business operation decisions.⁶² In contrast, SDG&E’s two-way balancing
2 account treatment proposal would allow SDG&E to spend more than its Application
3 forecasted for DFR implementation, and recover 100% of the difference from ratepayers
4 with minimal oversight.⁶³ Further, excessive cost overruns due to imprudent business
5 decisions⁶⁴ such as unreasonable allocation of labor, duplicative computer hardware and
6 software purchases,⁶⁵ or booking disallowable costs⁶⁶ could also be recovered from
7 ratepayers with minimal oversight.

8 Approval of balancing account treatment should only occur for difficult-to-predict
9 costs such as procuring electricity that could change due to a number of external
10 factors.⁶⁷ Thus, the Commission should utilize this opportunity to continue to protect

⁶² D.24-12-074, at 850 (“Based on the evidence and arguments, the Commission finds that liberal use of two-way balancing accounts, which often ensure cost recovery from ratepayers with limited reasonableness reviews, disincentivizes utilities including SoCalGas and SDG&E from controlling their costs through efficient operations and protecting ratepayers from future cost recoveries due to undercollection.”).

⁶³ D.24-12-074, at 25-26 (“Two-way accounts track actual expenses compared to an amount authorized for recovery by the Commission. Typically, these accounts are ongoing and do not have a definitive end date. Such accounts can be adjusted up or down. If actual recorded expenses are more (or less) than already reflected in rates, a rate increase (or decrease) is applied in order to bring the account balance to zero.”).

⁶⁴ D.24-12-074, at 850 (“Based on the evidence and arguments, the Commission finds that liberal use of two-way balancing accounts, which often ensure cost recovery from ratepayers with limited reasonableness reviews, disincentivizes utilities including SoCalGas and SDG&E from controlling their costs through efficient operations and protecting ratepayers from future cost recoveries due to undercollection.”).

⁶⁵ See Appendix B, Attachment 9, California State Auditor Report 2022-115, Electricity and Natural Gas Rates: The California Public Utilities Commission and Cal Advocates Can Better Ensure That Rate Increases Are Necessary, August 2023, at 41, available at <https://information.auditor.ca.gov/pdfs/reports/2022-115.pdf>, accessed June 29, 2026 (“Moreover, there is risk that a utility may attempt to include activities in a cost recovery application that are the same as those it already included in a general rate case application, thus passing on the same costs to customers twice.”).

⁶⁶ D.24-12-074, at 7. The Commission highlighted Sempra previously charging ratepayers for disallowable costs in Sempra’s 2024 GRC Phase 1 decision by stating, “The decision highlights a pattern of misclassification of costs at Sempra Utilities, where the company has charged ratepayers for lobbying, political activities, and expenses related to outside legal firms. These costs have been improperly booked as above-the-line expenses when forecasting future costs.”

⁶⁷ See Appendix B, Attachment 10, California State Auditor Report 2022-115, Electricity and Natural Gas Rates: The California Public Utilities Commission and Cal Advocates Can Better Ensure That Rate Increases Are Necessary, August 2023, at 3, available at <https://information.auditor.ca.gov/pdfs/reports/2022-115.pdf>, accessed June 29, 2026. (“Utilities use

1 ratepayers from excessive rate increases as the Commission accomplished in Sempra's
2 2024 GRC I decision by denying the creation of new two-way balancing accounts and
3 converting existing two-way balancing accounts to one-way balancing accounts.⁶⁸

4 **B. PPP Rate Recovery for SDG&E's DFR Proposal Reasonably**
5 **Recovers Costs Intended to Benefit All Customers.**

6 If the Commission adopts a dynamic rate in this application and additional
7 ratepayer funds for implementation, the Commission should also adopt SDG&E's
8 proposal to recover the implementation costs for the DFR through the Public Purpose
9 Program (PPP) rate component.⁶⁹ SDG&E's PPP rate currently recovers implementation
10 costs for other programs with the similar goals of supporting decarbonization and grid
11 reliability such as energy efficiency⁷⁰ and Flex Alert programs.⁷¹ Thus, the Commission
12 should adopt SDG&E's proposal to recover DFR implementation costs through the PPP
13 rate component that also recovers costs for similar programs.

14 **1. The Commission intends for dynamic rates to benefit all**
15 **customers through increased decarbonization and grid**
16 **reliability.**

17 The Commission's objectives for demand flexibility policies and rates coincide
18 with the goals of programs already recovered in PPP rates. Specifically, the Commission
19 intends for demand flexibility rates to further enhance the reliability of California's

balancing accounts to track variable costs—such as the cost of procuring electricity or the cost of wildfire mitigation—that may be difficult to predict and may require midcycle rate adjustments.”).

⁶⁸ D.24-12-074, at 7 (“The Commission also denies requests for two-way balancing accounts. The decision converts some existing accounts to one-way balancing accounts to incentivize better cost controls and more efficient operations to protect ratepayers from future cost recoveries due to undercollection.”).

⁶⁹ SDGE-01, at 20, lines 13-14.

⁷⁰ See Appendix B, Attachment 11, A.25-04-014, *Application of San Diego Gas & Electric Company (U 902-M) to Revise its 2024-2031 Energy Efficiency Rolling Portfolio Business Plan*, April 25, 2025, at 4 (“Energy Efficiency programs are subsidized by all customers through the Public Purpose Program (PPP) rates, even though only a small portion of customers directly utilize these programs.”).

⁷¹ D.21-03-056, *Decision Directing Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to Take Actions to Prepare for Potential Extreme Weather in the Summers of 2021 and 2022*, March 25, 2021, at 79, Conclusion of Law 2.

1 electric system, reduce greenhouse gas emissions, and enable widespread electrification
2 of buildings and transportation.⁷² Energy efficiency programmatic costs recovered
3 through the PPP rate supports grid reliability goals from enabling peak demand energy
4 savings and greenhouse gas reduction benefits from supporting energy savings at all
5 hours of the day.⁷³ Energy savings from energy efficiency programs also promote
6 building and vehicle electrification adoption because the same electrification
7 technologies can operate at a lower cost due to the reduced electricity needs. The PPP
8 also recovers Flex Alert media campaign costs⁷⁴ that educates and informs customers
9 when there is a lack of energy supplies and they should conserve usage.⁷⁵ The
10 Commission adopted the Flex Alert media campaign to “encourage ratepayers to
11 voluntarily reduce demand during moments of a stressed grid in California,”⁷⁶ which
12 coincides with the DFR goal of increasing grid reliability.⁷⁷

13 **2. Unbundled participants and non-participants would reap**
14 **any materialized benefits from the DFR.**

15 If the Commission adopts a dynamic rate in this proceeding, and the intended
16 participant benefits materialize, unbundled participants taking generation service from
17 CCAs will also reap those benefits. The amount of benefits that San Diego Community
18 Power and Clean Energy Alliance (Joint CCAs) customers can directly receive depends
19 on whether the Joint CCAs choose to participate. If the Joint CCAs choose to participate

⁷² D.25-08-049, *Decision Adopting Guidelines for Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company on Demand Flexibility Rate Design Proposals*, at 4.

⁷³ D.21-05-031, *Assessment of Energy Efficiency Potential and Goals and Modification of Portfolio Approval and Oversight Process*, May 20, 2021, at 1. When describing the adopted Total System Benefit metric which measures the benefits of energy efficiency, D.21-05-031 details the benefits of energy efficiency as “First, the decision adopts a new metric, called Total System Benefit, which combines and optimizes the energy and peak demand savings goals, along with greenhouse gas benefits of energy efficiency, into one metric that can be forecasted and tracked.”

⁷⁴ D.21-03-056, at 79, Conclusion of Law 2.

⁷⁵ D.21-03-056, at 63, Finding of Fact 8.

⁷⁶ D.21-03-056, at 2.

⁷⁷ D.25-08-049, at 4.

1 and complete the necessary joint work with SDG&E, the Joint CCAs could provide their
2 own unbundled customers with dynamic generation rates. Additionally, if the Joint
3 CCAs choose to adopt dynamic rates, SDG&E's work to enable dynamic rates in its
4 billing systems is necessary for Joint CCA implementation.

5 However, even if the Joint CCAs choose not to participate, or SDG&E and the
6 Joint CCAs fail to perform the necessary joint work, the Joint CCAs' customers will still
7 receive direct benefits by having the option to enroll in dynamic flexibility transmission
8 and distribution (transmission and distribution collectively referred to as "delivery")
9 rates. Enrolling in only the delivery dynamic flexibility rates will still allow the Joint
10 CCAs' customers to manage their bills by shifting load to hours with reduced dynamic
11 flexibility delivery rates.

12 **IV. CONCLUSION**

13 The Commission should reject SDG&E's unsupported request for incremental
14 funding and instead reallocate existing funding for DFR implementation. The
15 Commission should also direct SDG&E to make any further DFR implementation
16 funding requests in its future GRC I applications. However, if the Commission approves
17 incremental ratepayer funding for DFR implementation costs in this proceeding, the
18 Commission should also adopt Cal Advocates' DFR implementation cost recovery
19 proposal. Incremental DFR implementation cost tracking should occur using one-way
20 balancing account treatment with a 10% cost overrun margin to provide SDG&E with
21 financial incentives to manage its implementation costs, and implementation cost
22 recovery should occur through the PPP rate component which fairly allocates
23 implementation costs to ratepayers.

APPENDIX A

Qualifications of Witnesses

QUALIFICATIONS AND PREPARED TESTIMONY
OF
CHRISTOPHER HOGAN

Q.1 Please state your name and address.

A.1 My name is Christopher Hogan, and my business address is 505 Van Ness Avenue, San Francisco, California, 94102.

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

A.2 I am employed by the Public Advocates Office at the California Public Utilities Commission and my job title is Public Utilities Regulatory Analyst.

Q.3 Please describe your educational and professional experience.

A.3 I graduated from California State University East Bay, in Hayward California with a Master of Science degree in Statistics and a Bachelor of Science degree in Statistics and Economics. I have been employed by Cal Advocates for more than nine years. In my experience at Cal Advocates, I have submitted testimony and participated in Southern California Edison Company's (SCE) consolidated Dynamic Rate Applications (A. 24-06-014 and A.24-12-008), SCE's 2025 General Rate Case Phase II Application (A.24-03-019), San Diego Gas & Electric Company's (SDG&E) 2024 GRC Phase II Application (A.23-01-008), SCE's 2021 GRC Phase II (A.20-10-012), Pacific Gas and Electric Company's (PG&E) 2020 GRC Phase II (A.19-11-019), SDG&E's 2019 GRC Phase II (A.19-03-002), Phase 2A of PG&E's and SCE's 2018 Rate Design Window Proceeding (consolidated as A.17-12-011), and SCE's 2018 GRC Phase II (A.17-06-030).

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

A.4 My area of responsibility in this proceeding is focused on Cost Recovery.

Q.5 Does that complete your prepared testimony?

A.5 Yes.

QUALIFICATIONS AND PREPARED TESTIMONY
OF
KA HO “JAMES” LAU

Q.1 Please state your name and address.

A.1 My name is Ka Ho “James” Lau, and my business address is 320 4th St.,
Los Angeles, California, 90013.

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

A.2 I am employed by the Public Advocates Office at the California Public Utilities
Commission and my job title is Public Utilities Regulatory Analyst.

Q.3 Please describe your educational and professional experience.

A.3 I have a Bachelor of Science in Business Administration from the Haas School of
Business at the University of California, Berkeley. I have been employed by the
Public Advocates Office, in Electricity Pricing and Consumer Programs Branch
since January of 2024. My work at the Commission includes review and analysis
of General Rate Cases for energy utilities, analysis pertaining to wildfire costs,
disconnections, and low-income assistance programs. I have worked on Southern
California Edison’s GRC II, the Commission’s proceedings on disconnections,
and Pacific Gas and Electric Company’s GRC II. I previously worked as an
investment banking financial analyst in dispute resolution and financial valuation.

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

A.4 My area of responsibility in this proceeding is focused on Revenue Requirement.

Q.5 Does that complete your prepared testimony?

A.5 Yes.

APPENDIX B

Supporting Materials

ATTACHMENT 1: 2025 DERP Non-Participant Survey Report at 1, 7-11, 24

1 Executive Summary

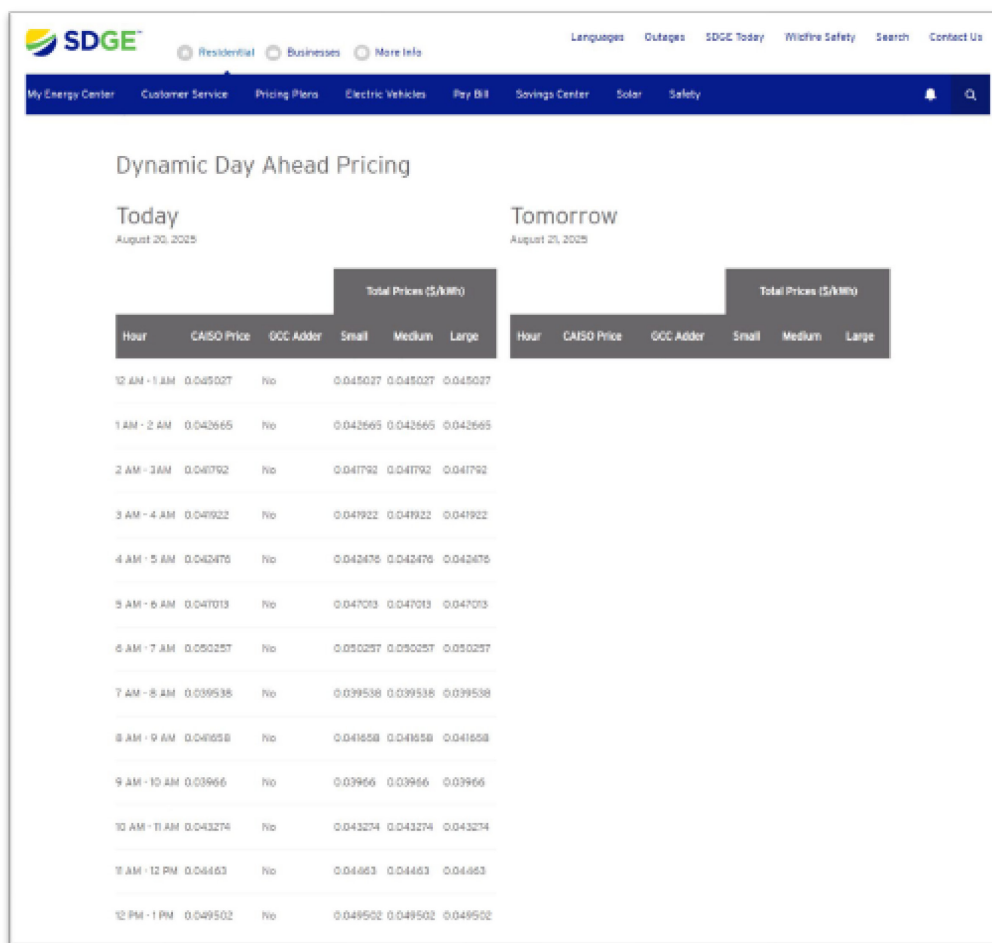
The Dynamic Export Rate Pilot (DERP) is part of San Diego Gas & Electric's (SDG&E) efforts to test new dynamic pricing options that account for electricity exports to the grid. DERP's launch followed nearly five years of regulatory activity at the California Public Utilities Commission (CPUC) focused on advancing dynamic pricing frameworks. In December 2021, SDG&E filed two applications (A.21-12-006 and A.21-12-008) pursuant to CPUC Decisions (D.) 21-07-010 and D.20-12-023, respectively, proposing new real-time dynamic rates. These proceedings were consolidated by CPUC in April 2022, and SDG&E was directed to revise its proposals consistent with Energy Division guidance. DERP officially launched on January 1, 2025, as an optional add-on commodity tariff available to eligible customers taking bundled SDG&E service, and is scheduled to operate through December 31, 2026.

DERP eligibility is limited to customers on the AL-TOU, TOU-A, or EV-HP rate schedules. Additionally, in order to participate in DERP, customers must maintain a Rule 21 interconnection agreement for on-site generation. Customers enrolled in Net Energy Metering (NEM), Net Billing, dynamic pricing, demand response (DR) programs, or conjunctive billing arrangements are not eligible to participate. Under the program, customers' electricity imports and exports are netted at 15-minute intervals using data from their SDG&E billing meter. Imports are billed under the customer's otherwise applicable rate schedule, while exports are credited according to DERP's tariff based on day-ahead hourly prices published by CAISO. Export prices are posted on SDG&E's website each evening for the following day.

Since there are not currently any customers enrolled in DERP, Resource Innovations conducted a non-participant survey to assess customer awareness, understanding, and acceptance of the pilot's design, as well as preferences for future marketing of new pricing options. The primary research objectives included:

1. Evaluating awareness of DERP and related marketing among targeted customers;
2. Understanding customers' knowledge of DERP's features and participation conditions;
3. Assessing acceptance of DERP participation requirements, barriers to participation, and customers' ability to generate export load; and
4. Identifying customer marketing preferences for new pricing options that may benefit their business.

To address these objectives, Resource Innovations conducted a web survey of customers sampled from SDG&E's target DERP marketing group. The survey frame included 4,585 unique small, medium, and large commercial and industrial (C&I) customer contacts. The final sample consisted of 1,006 Small C&I customers, 607 Medium C&I customers, and 10 Large C&I customers. Overall, the survey achieved a 3.2% response rate, with 1.7% of customers

Figure 2-1: Excerpt of Day-ahead Pricing Display on <https://www.sdge.com/rtp-pricing>


Today August 20, 2025						Tomorrow August 21, 2025					
Hour	CAISO Price	GCC Adder	Total Prices (\$/kWh)			Hour	CAISO Price	GCC Adder	Total Prices (\$/kWh)		
			Small	Medium	Large				Small	Medium	Large
12 AM - 1 AM	0.045027	No	0.045027	0.045027	0.045027						
1 AM - 2 AM	0.042665	No	0.042665	0.042665	0.042665						
2 AM - 3 AM	0.040792	No	0.040792	0.040792	0.040792						
3 AM - 4 AM	0.041922	No	0.041922	0.041922	0.041922						
4 AM - 5 AM	0.042476	No	0.042476	0.042476	0.042476						
5 AM - 6 AM	0.047013	No	0.047013	0.047013	0.047013						
6 AM - 7 AM	0.050257	No	0.050257	0.050257	0.050257						
7 AM - 8 AM	0.039538	No	0.039538	0.039538	0.039538						
8 AM - 9 AM	0.040558	No	0.040558	0.040558	0.040558						
9 AM - 10 AM	0.03966	No	0.03966	0.03966	0.03966						
10 AM - 11 AM	0.043274	No	0.043274	0.043274	0.043274						
11 AM - 12 PM	0.04463	No	0.04463	0.04463	0.04463						
12 PM - 1 PM	0.049502	No	0.049502	0.049502	0.049502						

Customers that enroll in DERP will begin participation at the beginning of their following billing period. Unenrollment is subject to SDG&E's Electric Rule 12 which states that customers that unenroll from DERP cannot re-enroll for at least 12 months.

2.1.3 Pilot Marketing Activities

SDG&E initiated a targeted marketing campaign for the DERP program in the fall of 2024. The campaign included customers beyond those that were already eligible to participate by dint of their electric rate, Rule 21 status, billing arrangements (i.e., not NEM, net billed, or conjunctively billed), and dynamic pricing and demand response participation status. At the time of preparing for the non-participant survey, there were only nine customers identified as fully eligible to participate in DERP. Therefore, the marketing campaign also included

customers that were otherwise eligible for DERP but did not have a Rule 21 Interconnection agreement in place. SDG&E provided a list of 7,763 customers included in their marketing communications, where “customer” is defined as a unique combination of business partner ID, account ID, premise ID, and service point number.

At the time of preparation for the survey, customers on the target marketing list received up to two communications from SDG&E promoting DERP. Some customers had less than two communications due to dropping out of the target population (i.e., changing electric rates away from the eligible rates) or joining the target population after the first communications were sent (i.e., changing electric rates into one of the eligible rates). SDG&E employed a phased approach to introducing customers to the communication campaign which was ongoing at the time of survey sample selection; 95 customers meeting the target population criteria had not yet received their first marketing communication at that time. All marketing was conducted via e-mail and facilitated through a matrix effort of individuals from the SDG&E Account Executive team, Business Care Center team, Clean Transportation team, and marketing communications team. Table 2-2 shows the timeline of DERP marketing email communications.

Table 2-2: DERP Marketing Communications Schedule

Marketing Communication	First Emails Sent	Second Emails Sent
November 2024	6,069	
February 2025	1,025	5,720
April 2025	473	
Total	7,567	5,720

2.2 Non-participant Survey Overview

There are four primary research questions for the DERP program non-participant survey:

- *Awareness of the DERP offering and DERP marketing:* Are customers that received DERP marketing aware of DERP and/or the DERP marketing messages?
- *Understanding of DERP features and participating conditions:* Among those customers that report that they are aware of DERP, do they understand how DERP works and its primary features and participation conditions?
- *Acceptance of DERP features and participating conditions; barriers to participation; customers’ ability to export load:* How accepting are targeted customers of DERP

features and participation conditions? What are the barriers to participation? Do respondents have on-site generation that can generate export load?

- *SDG&E marketing preferences:* What are customers' marketing preferences for new electric pricing options that might benefit their business?

The survey additionally provided an opportunity for respondents to request a follow-up from SDG&E staff to answer questions about or enroll in DERP.

Resource Innovations (RI) addressed these research questions by fielding a web survey to a sample of customers from the DERP target marketing list. The survey included 22 questions in total with an average completion time of 14 minutes. The survey was distributed to samples of three customer groups defined by the customers' annual maximum demand:

- Small C&I (<20 kW)
- Medium C&I (20 - 500 kW)
- Large C&I (>500 kW)

The sample frame started with all customers in the target marketing population. Any customers not currently targeted at the time of sample selection were removed as well as any customers with an account that have do-not-contact flags relevant to survey research. The remaining customers were then consolidated to a smaller list of unique email addresses, since many businesses have several accounts with SDG&E and would have the same contact information for multiple accounts. If customers' multiple accounts per email address spanned multiple size categories (Small C&I, Medium C&I, Large C&I), that email address was assigned to the size category equal to the largest of business locations' size category. As of the time of sampling, there were no DERP program participants; therefore, no customers needed to be removed from the non-participant survey sample frame due to converting to program participant status.

In total, the sample frame comprised 4,585 unique customer contacts. A random sample of Small C&I customers was selected from the frame and all medium and Large C&I customers in the sample frame were included for the survey (i.e., Small C&I is a sample and medium and Large C&I are censuses). The list of customer contacts provided to RI's survey data collection team included 1,006 Small C&I customers, 607 Medium C&I customers, and 10 Large C&I customers who were invited to complete the survey on the web through a series of email invitations that are summarized in Table 2-3.

Depending on which survey invitation wave a customer was included in, the survey was open from 18 to 39 days. In the case of the Large C&I group, SDG&E Account Executives (AEs) assisted with direct customer outreach for the second survey reminder. Customers that were invited to complete the survey were offered a \$100 e-gift card post-completion incentive.

Table 2-3: Survey Launch Communications

Group	Initial Invitation	First Reminder	Second Reminder	Survey Close	Survey Time Open (Days)
Small C&I Wave 0A	5/15/2025	5/29/2025	6/5/2025	6/23/2025	39
Med C&I Wave 0A	5/15/2025	5/29/2025	6/5/2025	6/23/2025	39
Small C&I Waves 1, 2, 3, and 0B	5/29/2025	6/5/2025	6/9/2025	6/23/2025	25
Med C&I Waves 1, 2, 3, and 0B	5/29/2025	6/5/2025	6/9/2025	6/23/2025	25
Large C&I	5/29/2025	6/5/2025	SDG&E AEs	6/23/2025	25
Small C&I Waves 4 and 5	6/5/2025	6/9/2025	6/16/2025	6/23/2025	18

Considering fully completed surveys and partially completed surveys, data from 70 surveys were collected from 44 Small C&I customers and 26 Medium C&I customers. No responses were received from the Large C&I group. Survey response rates are summarized in Table 2-4. Of the 70 surveys, 47 were fully completed - 33 from the Small C&I group and 14 from the Medium C&I group; representing a 3.2% valid response rate. Some customers, 1.7% of the total number of customers invited to the survey, opted out of further survey communications when they received their survey invitation or reminder.

Table 2-4: Survey Response Rates by Customer Size Group

Group	Sample Size	Valid Sample ⁵	# Complete Responses	# Complete and Partial Responses	Raw Response Rate (Completes)	Valid Response Rate ⁵ (Completes)	Opt-out Rate
Small C&I	1,006	913	33	44	3.3%	3.6%	1.7%
Med. C&I	607	546	14	26	2.3%	2.6%	1.7%
Large C&I	10	10	0	0	0.0%	0.0%	0.0%
Total	1,623	1,469	47	70	2.9%	3.2%	1.7%

⁵ The valid sample count is the sample size less the number of undeliverable emails.

3 Non-participant Survey Findings

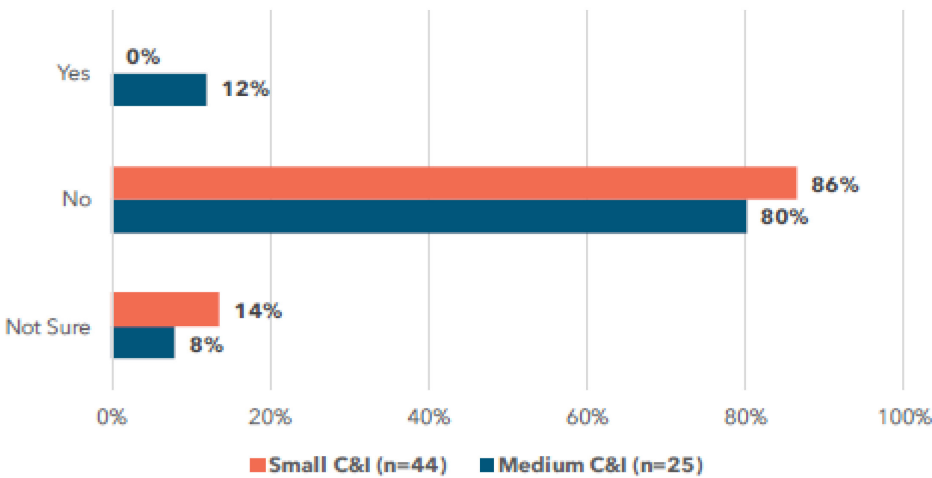
The following sections summarize the survey findings for each of the research questions. The survey responses are categorized into the customer segments or combined into one figure where appropriate. As mentioned earlier in Section 2, no responses were received for the Large C&I segment. The number of respondents who answered each question is displayed as “n” in each table and figure.

3.1 Awareness of the DERP Offering

This section of the survey covered awareness of DERP and identification of the communication channels through which respondents learned of the pilot program.

Respondents were first asked about their awareness of DERP. A large majority of participants reported being unaware of the program: 86% of the Small C&I respondents and 80% of Medium C&I respondents were unaware of DERP. Only three (12%) Medium C&I respondents indicated that they were aware of the pilot. Additionally, 14% of Small C&I and 8% of Medium C&I respondents were “not sure” about their awareness of DERP. Across all respondents, 4.3% (3 of 69) were not aware, 11.6% (8 of 69) were not sure if they were aware, and 84.1% of respondents (58 of 69) said that they were not aware of DERP.

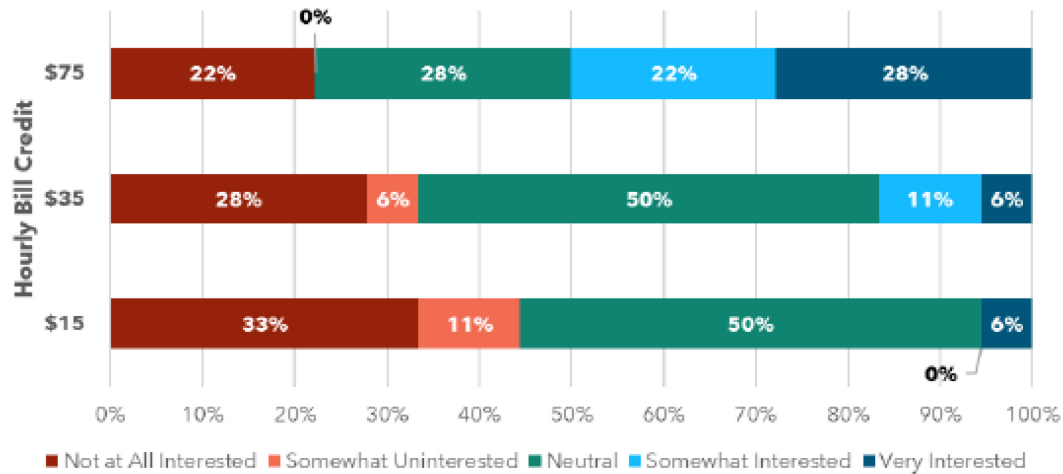
Figure 3-1: DERP Awareness - “Have you heard of the Dynamic Export Rate Pilot Program before now?”



Among those who reported awareness of the program, two respondents stated they learned about DERP through an email from SDG&E, and one respondent learned about it through a conversation or email not affiliated with SDG&E.

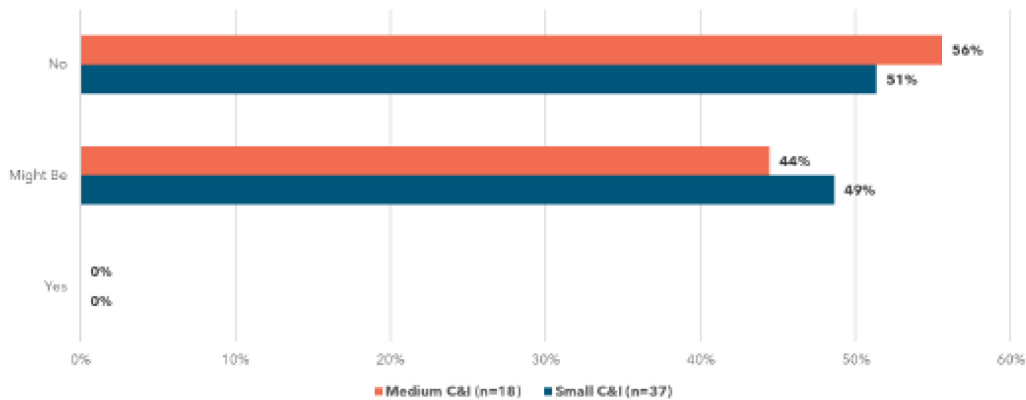
Non-participant Survey Findings

Figure 3-5: Participation Interest for Hypothetical Bill Credits - Medium C&I (n=18)



When asked directly about their interest in enrolling in DERP, no respondents reported being definitively interested. Less than half indicated they might be interested, depending on additional information, while just over half stated they were not interested in participating.

Figure 3-6: Interest in enrolling in DERP



Participation interest can also be segmented on whether respondents have on-site generation. Among the 55 total respondents, 16 reported having on-site generators while 39 did not. Of those with on-site generation, 81% indicated they might consider enrolling in the program. In contrast, 67% of respondents without generators reported no interest.

ATTACHMENT 2: Attachment C - Detailed from CALPA-DR-2_SDGE Response.pdf

	A	B	C	D
1				
2		Activity Item	Estimated Cost	
3		Billing System Total	\$ 5,405,000	
4		Planning, Analyzing and Development of Requirements	\$ 400,000	
5		Design, Build and Validate New RTP Rates Within Billing System	\$ 2,000,000	
6		Design, Build and Validate New Enrollment Notifications and Comm. Tool	\$ 550,000	
7		Design, Build and Validate Detailed Usage/Charges in MyAccount	\$ 900,000	
8		Quality Assurance and End to End Testing of Solution	\$ 730,000	
9		Deployment and Stabilization	\$ 280,000	
10		Update for CAISO Pricing and Reporting / MIDAS Updates (Webpage updates)	\$ 545,000	
11		Measurement and Evaluation (M&E)	\$ 1,647,780	
12		Marketing, Education and Outreach (ME&O)	\$ 2,454,927	
13		Total	\$ 9,507,707	
14				
15				
16				
17				
18				

ATTACHMENT 3: CALPA-DR-17_SDGE Response.pdf

CAL ADVOCATES DATA REQUEST 17

DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001

SDG&E RESPONSE

DATE RECEIVED: JUNE 4, 2026

DATE RESPONDED: JUNE 18, 2026

OBJECTIONS TO INSTRUCTIONS

1. SDG&E objects to the instructions to the extent they seek a verified response. SDG&E is providing responses in good faith and that it believes to be true and correct. SDG&E is not aware of any obligation to provide a verification to a data request.
2. SDG&E objects to the instructions to the extent they purport to require the individual(s) responsible for providing the response and/or designate the proper witness to cross-examine concerning the response. The responses reflect SDG&E's response as a Company to the requests and not the work of any one individual.
3. SDG&E objects to the instructions to the extent they state that the requests are ongoing in nature and require subsequent, supplemental information.
4. SDG&E objects to the instructions to the extent they request responses in multiple formats.
5. SDG&E objects to the instructions to the extent they provide shortened timelines for objections and requests for clarification.

EXPRESS RESERVATIONS

1. No response, objection, limitation or lack thereof, set forth in these responses and objections shall be deemed an admission or representation by SDG&E as to the existence or nonexistence of the requested information or that any such information is relevant or admissible.
2. SDG&E reserves the right to modify or supplement its responses and objections to each request, and the provision of any information pursuant to any request is not a waiver of that right.
3. SDG&E reserves the right to rely, at any time, upon subsequently discovered information.
4. These responses are made solely for the purpose of this proceeding and for no other purpose.

Subject to the foregoing general objections and express reservations, SDG&E responds as follows:

DATA REQUESTS

SUBJECT: REVENUE REQUIREMENT

CAL ADVOCATES DATA REQUEST 17
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE
DATE RECEIVED: JUNE 4, 2026
DATE RESPONDED: JUNE 18, 2026

QUESTION 1:

In SDG&E's response to Cal Advocates' Data Request 14, question 3, SDG&E claims "that the test year 2024 general rate case (GRC) failed to sufficiently fund capital investments in the post-test years, including for projects or programs that are safety and reliability related."¹ SDG&E goes on to state that "Accordingly, it is a logical conclusion that SDG&E would not have adequate funding from its test year 2024 GRC to reallocate to costs associated with implementation of this rate."²

QUESTION 1a.:

For SDG&E's Test Year 2024 GRC, please provide an excel spreadsheet that includes the line item detail identifying the requested, authorized and recorded costs for operations and maintenance (O&M) expenses and capital expenditures for 2024, 2025 and 2026, to demonstrate that "the test year 2024 general rate case (GRC) failed to sufficiently fund capital investments in the post-test years, including for projects or programs that are safety and reliability related."

SDG&E RESPONSE TO QUESTION 1a:

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 reasonably calculated to lead to the discovery of admissible evidence.

¹ 1 CALPA-DR-14_SDGE Response, response to Question 3, at 7.

² 1 CALPA-DR-14_SDGE Response, response to Question 3, at 7.

CAL ADVOCATES DATA REQUEST 17
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE
DATE RECEIVED: JUNE 4, 2026
DATE RESPONDED: JUNE 18, 2026

QUESTION 1Ai:

Provide separate tables for O&M expenses and capital expenditures.

SDG&E RESPONSE TO QUESTION 1Ai:

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 reasonably calculated to lead to the discovery of admissible evidence.

CAL ADVOCATES DATA REQUEST 17
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE
DATE RECEIVED: JUNE 4, 2026
DATE RESPONDED: JUNE 18, 2026

QUESTION 1b

Provide documentation that SDG&E's management relied upon to determine that "it is a logical conclusion that SDG&E would not have adequate funding from its test year 2024 GRC to reallocate to costs associated with implementation of this rate."

SDG&E RESPONSE TO QUESTION 1b:

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 reasonably calculated to lead to the discovery of admissible evidence.

CAL ADVOCATES DATA REQUEST 17
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE
DATE RECEIVED: JUNE 4, 2026
DATE RESPONDED: JUNE 18, 2026

QUESTION 1c:

Provide verifiable and traceable documentation that demonstrates that SDG&E's 2024 GRC authorized funding was insufficient to the point where there are no lines of business/departments that have sufficient embedded funding that can be reallocated to fund the proposed \$11.3 million for capital, O&M and other expenses outlined in this application.³

SDG&E RESPONSE TO QUESTION 2a:

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 reasonably calculated to lead to the discovery of admissible evidence.

³ A.26-02-001 Chapter 9_Demand Flex Rates_Revenue Requirement, February 2, 2026, at 1-4.

CAL ADVOCATES DATA REQUEST 17
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE
DATE RECEIVED: JUNE 4, 2026
DATE RESPONDED: JUNE 18, 2026

QUESTION 1d:

Provide verifiable and traceable documentation demonstrating that the authorized funding in the 2024 GRC “failed to sufficiently fund capital investments in the post-test years, including for projects or programs that are safety and reliability related” and that “it is a logical conclusion that SDG&E would not have adequate funding from its test year 2024 GRC to reallocate to costs associated with implementation of this rate.”

SDG&E RESPONSE TO QUESTION 1d:

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 reasonably calculated to lead to the discovery of admissible evidence.

CAL ADVOCATES DATA REQUEST 17
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE
DATE RECEIVED: JUNE 4, 2026
DATE RESPONDED: JUNE 18, 2026

QUESTION 1e:

Provide documentation that identifies the line item detail for all deferred, eliminated, and/or obsolete O&M expense activities and capital expenditure projects that were included and authorized in the 2024 GRC. If there were no deferred, eliminated, and/or obsolete O&M expense and capital expenditure projects that were included and authorized in the 2024 GRC, state so.

SDG&E RESPONSE TO QUESTION 1e:

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 reasonably calculated to lead to the discovery of admissible evidence.

CAL ADVOCATES DATA REQUEST 17
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE
DATE RECEIVED: JUNE 4, 2026
DATE RESPONDED: JUNE 18, 2026

QUESTION 1f:

Please provide any supporting documentation to substantiate the assertion “that the test year 2024 general rate case (GRC) failed to sufficiently fund capital investments in the post-test years, including for projects or programs that are safety and reliability related.”

SDG&E RESPONSE TO QUESTION 1f:

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 reasonably calculated to lead to the discovery of admissible evidence.

CAL ADVOCATES DATA REQUEST 17
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE
DATE RECEIVED: JUNE 4, 2026
DATE RESPONDED: JUNE 18, 2026

QUESTION 1g:

Provide verifiable and traceable documentation to demonstrate if there were any recorded fines and penalties due to non-compliance regarding assertions that “the test year 2024 general rate case (GRC) failed to sufficiently fund capital investments in the post-test years, including for projects or programs that are safety and reliability related.”

SDG&E RESPONSE TO QUESTION 1g:

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 reasonably calculated to lead to the discovery of admissible evidence.

CAL ADVOCATES DATA REQUEST 17
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE
DATE RECEIVED: JUNE 4, 2026
DATE RESPONDED: JUNE 18, 2026

QUESTION 1gi:

Please identify the specific O&M expenses and capital expenditures listed in the tables in response to Question 1.a. associated with each fine and penalty listed for this question.

SDG&E RESPONSE TO QUESTION 1gi:

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 reasonably calculated to lead to the discovery of admissible evidence.

CAL ADVOCATES DATA REQUEST 17
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE
DATE RECEIVED: JUNE 4, 2026
DATE RESPONDED: JUNE 18, 2026

QUESTION 2:

Referring to the Chapter 9 workpaper titled “Ch 9_Demand Flex Rates Revenue Requirement – Workpapers.xlsm,” many inputs appear as hardcoded values rather than live, cross-chapter referenced formulas.

QUESTION 2a:

Please provide an updated version of “Ch 9_Demand Flex Rates Revenue Requirement – Workpapers.xlsm” where all hardcoded values are actively linked to show formulas and where applicable, reference the values provided in workpapers supporting Chapter 5 (Billing Systems), Chapter 6 (ME&O), and Chapter 7 (Evaluation, Measurement, and Verification). If an updated workpaper cannot be provided, please outline the exact cell-by-cell path to reconcile the values presented in the Chapter 9 workpaper with the values provided in other chapters and to show how each value in the Chapter 9 workpaper was calculated.

SDG&E RESPONSE TO QUESTION 2a:

The requested information is derived from SDG&E’s revenue requirement model. The specific calculations being requested are embedded within that model and are not maintained as standalone calculations outside of it.

SDG&E does not provide its revenue requirement model to external parties due to the model’s complexity and its dependence on external files located within SDG&E’s internal network, which are essential for its proper functionality.

If there are specific questions regarding individual line items included in the revenue requirement, SDG&E can provide additional clarification.

CAL ADVOCATES DATA REQUEST 17
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE
DATE RECEIVED: JUNE 4, 2026
DATE RESPONDED: JUNE 18, 2026

QUESTION 2b:

Please provide a reconciliation or step-by-step explanation of how the annual depreciation values shown in the 'Rev Req' tab (e.g., \$328,376 in 2027 and \$1,089,129 from 2028 through 2031) are calculated. Please demonstrate how these depreciation figures reconcile with the software capital cost totals listed in Chapter 5, Attachment C. If not related to software, please state and specify what costs these depreciation costs are related to.

SDG&E RESPONSE TO QUESTION 2b:

The following are the costs noted in Chapter 5, Attachment C.

Activity Item	Estimated Cost	Classification	Depreciable
Billing System (software)	\$5,405,000	Capital	Yes
Measurement and Evaluation	\$1,647,780	O&M	No
Marketing, Education and Outreach	\$2,454,927	O&M	No

This table is a summary of the depreciable rate base resulting from SDG&E's proposed Billing System costs.

Depreciable Rate Base	Estimated Cost
Billing System (software)	\$5,405,000
Allowance for Funds Used During Construction (AFUDC)	\$40,646
Total Depreciable Rate Base	\$5,445,646

The annual depreciation is based on a useful life of 5-years.

Annual Depreciation	
Total Depreciable Rate Base	\$5,445,646
Depreciable Life (Software)	5 Years
Annual Depreciation	\$1,089,129

Refer to our response to 2c for an explanation for why depreciation expense occurs over a six-year period.

Annual Depreciation	
Year 1 (partial year depreciation)	\$328,376
Year 2	\$1,089,129
Year 3	\$1,089,129
Year 4	\$1,089,129
Year 5	\$1,089,129
Year 6 (partial year depreciation)	\$760,753
Total Depreciation	\$5,445,646

CAL ADVOCATES DATA REQUEST 17
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE
DATE RECEIVED: JUNE 4, 2026
DATE RESPONDED: JUNE 18, 2026

QUESTION 2c:

In Chapter 9, Table DS-2,⁴ SDG&E specifies that computer software carries an authorized useful life of 5 years. However, the 'Rev Req' tab maps depreciation collections across six calendar years (2027 through 2032). Provide a narrative explanation why depreciation is being recovered over a six-year horizon instead of a five-year horizon. In the narrative, please provide justification for why SDG&E proposes a six-year depreciation horizon in this instance.

SDG&E RESPONSE TO QUESTION 2c:

SDG&E continues to propose a five-year depreciable life for computer software, consistent with Chapter 9, Table DS-2. The recovery of depreciation over six calendar years (2027 through 2032) reflects the timing of when the software is placed into service rather than a change to the underlying useful life assumption.

Specifically, depreciation is recorded on a partial-year basis in both the first and final years of the asset's service life. Because the software did not go into service on January 1 of the initial year, only a partial year of depreciation is recorded in the first year (2027). Similarly, the remaining undepreciated balance is recovered in the final year (2032), which also reflects a partial year of depreciation. The intervening years reflect full-year depreciation.

As a result, while depreciation expense appears across six calendar years, the total depreciation recovered is consistent with a five-year service life.

⁴ A.26-02-001 Chapter 9_Demand Flex Rates_Revenue Requirement, February 2, 2026, at 3.

CAL ADVOCATES DATA REQUEST 17
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE
DATE RECEIVED: JUNE 4, 2026
DATE RESPONDED: JUNE 18, 2026

QUESTION 3:

In SDG&E's response to Cal Advocates' Data Request 8,⁵ SDG&E states in response to question 1(a) that the billing system and marketing and education (M&E) estimates "do not include incremental labor costs as SDG&E intends to use existing resources."⁶ However, SDG&E's workpapers lists line items:

- "Planning, Analyzing and Development of Requirements," "Design, Build and Validate New RTP Rates Within Billing System," "Design, Build and Validate New Enrollment Notifications and Comm. Tool," and "Design, Build and Validate Detailed Usage/Charges in MyAccount," totaling \$3,850,000 in its billing systems workpaper;⁷
- a \$438,480 line item for "Miscellaneous research, analytical support, and labor support" in its EM&V budget workpaper;⁸
- and an \$829,520 line item for "Internal Labor – Marketing and Outreach" in its Marketing Budget workpaper.⁹

If the employees are already on SDG&E's payroll and pre-funded via SDG&E's approved revenue requirement, please explain why requesting an incremental revenue requirement for existing employees does not force ratepayers to pay twice for the same labor base.

SDG&E RESPONSE TO QUESTION 3:

SDG&E clarifies that the \$438,480 EM&V line item described as "Miscellaneous research, analytical support, and labor support" does not include labor costs. In addition, the billing system costs identified above, totaling \$3.85 million, do not include labor costs, as this work will be performed by a third-party vendor.

⁵ CALPA-DR-08_SDGE Response, April 7, 2026, at 2.

⁶ CALPA-DR-08_SDGE Response, April 7, 2026, at 2.

⁷ Attachment C – Detailed.xlsx, provided along with CALPA-DR-02_SDGE Response on March 3, 2026.

⁸ CHP7_R~1.xls.

⁹ Ch 6_Marketing.xls.

CAL ADVOCATES DATA REQUEST 17
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE
DATE RECEIVED: JUNE 4, 2026
DATE RESPONDED: JUNE 18, 2026

QUESTION 4:

For the \$5,405,000 billing system total listed in “Attachment C – Detailed.xlsx,”¹⁰ please provide the line-item cost breakdown for each of the seven listed line items into distinct components showing at least labor hour costs, third-party vendor or consulting contract fees, hardware expenditures, software/commercial software licensing expenditures, and a miscellaneous “catch-all” component (with a list of what could be included in this “catch-all” component).

SDG&E RESPONSE TO QUESTION 4:

The table below captures the further breakdown of the billing system costs listed in “Attachment C – Detailed.xlsx”. SDG&E will be using a third-party vendor, who is familiar with its systems to complete the required application IT coding changes. SDG&E does not anticipate incremental costs associated with software licensing, hardware or miscellaneous, as the vendor will make the required changes to SDG&E’s existing applications.

Activity Item	Estimated Cost	Third Party Vendor Estimated Costs	Third Party Vendor Estimated Hours
Billing System Total	\$ 5,405,000.00	\$ 5,405,000.00	52,900
Planning, Analyzing and Development of Requirements	\$ 400,000.00	\$ 400,000.00	4,000
Design, Build and Validate New RTP Rates Within Billing System	\$ 2,000,000.00	\$ 2,000,000.00	19,350
Design, Build and Validate New Enrollment Notifications and Comm. Tool	\$ 550,000.00	\$ 550,000.00	5,400
Design, Build and Validate Detailed Usage/Charges in MyAccount	\$ 900,000.00	\$ 900,000.00	8,900
Quality Assurance and End to End Testing of Solution	\$ 730,000.00	\$ 730,000.00	7,200
Deployment and Stabilization	\$ 280,000.00	\$ 280,000.00	2,800
Update for CAISO Pricing and Reporting / MIDAS Updates (Webpage updates)	\$ 545,000.00	\$ 545,000.00	5,250

QUESTION 4a:

a. Where applicable, please show how the separate components of the line-item cost breakdown are calculated. For example, cost of a labor hour multiplied by number of labor hours to determine total labor hour costs.

SDG&E RESPONSE TO QUESTION 4a:

Please see the table above, which captures the estimated third-party vendor costs and corresponding hours. For this work, SDG&E forecasts an average hourly rate of \$102 per hour.

QUESTION 4b:

b. Please also include a narrative explanation that details how this budget was originally developed and provide copies of any documents used in developing this budget.

¹⁰ Provided along with CALPA-DR-02_SDGE Response on March 3, 2026.

**CAL ADVOCATES DATA REQUEST 17
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE
DATE RECEIVED: JUNE 4, 2026
DATE RESPONDED: JUNE 18, 2026**

SDG&E RESPONSE TO QUESTION 4b:

SDG&E created this estimate based upon its own experience in configuring its applications to support complex billing processes, as well as input from its third-party vendor who is familiar with its systems.

END OF REQUEST

ATTACHMENT 4: CALPA-DR-08_SDGE Response.pdf

CAL ADVOCATES DATA REQUEST 08 DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001

SDG&E RESPONSE

DATE RECEIVED: MARCH 24, 2026

DATE RESPONDED: APRIL 7, 2026

OBJECTIONS TO INSTRUCTIONS

1. SDG&E objects to the instructions to the extent they seek a verified response. SDG&E is providing responses in good faith and that it believes to be true and correct. SDG&E is not aware of any obligation to provide a verification to a data request.
2. SDG&E objects to the instructions to the extent they purport to require the individual(s) responsible for providing the response and/or designate the proper witness to cross-examine concerning the response. The responses reflect SDG&E's response as a Company to the requests and not the work of any one individual.
3. SDG&E objects to the instructions to the extent they state that the requests are ongoing in nature and require subsequent, supplemental information.
4. SDG&E objects to the instructions to the extent they request responses in multiple formats.
5. SDG&E objects to the instructions to the extent they provide shortened timelines for objections and requests for clarification.

EXPRESS RESERVATIONS

1. No response, objection, limitation or lack thereof, set forth in these responses and objections shall be deemed an admission or representation by SDG&E as to the existence or nonexistence of the requested information or that any such information is relevant or admissible.
2. SDG&E reserves the right to modify or supplement its responses and objections to each request, and the provision of any information pursuant to any request is not a waiver of that right.
3. SDG&E reserves the right to rely, at any time, upon subsequently discovered information.
4. These responses are made solely for the purpose of this proceeding and for no other purpose.

Subject to the foregoing general objections and express reservations, SDG&E responds as follows:

Data Requests

SUBJECT: REVENUE REQUIREMENT

QUESTION 1

CAL ADVOCATES DATA REQUEST 08
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE
DATE RECEIVED: MARCH 24, 2026
DATE RESPONDED: APRIL 7, 2026

1. SDG&E request a total revenue requirement of \$11.5 million, including income tax, franchise fees & uncollectibles, and capital costs.¹

QUESTION 1a:

- a. Please provide an exhaustive list of line items that breaks down the direct project costs related to the requested revenue requirement. Please specify specific categories that include but may not be limited to labor, consulting, hardware, software, etc.

SDG&E RESPONSE 1a:

Please refer to the Chapter 6 and 7 workpapers for detailed support of the Marketing, Education, and Outreach (ME&O) and Measurement and Evaluation (M&E) estimates provided in response to Cal Advocates Data Request 01. Details related to the Billing System estimates are provided in Data Request No. 02, Attachment C with more details about distribution costs provided in Data Request No. 03, question 2. Costs are also provided in Chapter 5 of testimony and attachments. Labor costs are included in the ME&O cost estimate only and are listed in the workpapers; the Billing System and M&E estimates do not include incremental labor costs as SDG&E intends to use existing resources.

QUESTION 1b:

- b. Please provide the cost drivers associated with each of the costs, such as program scopes, breakdown of activities, etc. and provide the supporting information to explain the cost drivers in detail.

SDG&E RESPONSE 1b:

SDG&E will provide a supplemental response by April 14, 2026.

QUESTION 2

2. SDG&E provides a high-level overview of its requested revenue requirement in its current testimony.

QUESTION 2a:

- a. Please provide a detailed narrative explanation for each major cost category identified in response to question 1. Please explain why each major cost category and its associated line items are necessary for the implementation of demand flexible rates.

SDG&E RESPONSE 2a:

Please refer to the testimony narratives for ME&O in Chapter 6, Section X. ME&O Budget; for M&E in Chapter 7, Sections III. Budget and IV. Summary and Conclusions; and for the Billing System in Chapter 5, Section III.A, along with the workpapers

CAL ADVOCATES DATA REQUEST 08
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE
DATE RECEIVED: MARCH 24, 2026
DATE RESPONDED: APRIL 7, 2026

provided in Data Request No. 02.

QUESTION 3

3. Provide any internal budgetary or planning documents used by SDG&E to arrive at the \$11.5 million total in revenue requirement that SDG&E has requested. Please include the supporting information used to derive SDG&E's cost estimates.

SDG&E RESPONSE 3:

SDG&E objects to this request as seeking duplicative information. SDG&E further objects to this request to the extent it seeks attorney-client privileged information developed in preparation for this proceeding.

SDG&E has provided its revenue requirement testimony at (Chapter XX) and associated workpapers as well as cost estimates and associated workpapers.

QUESTION 4

4. SDG&E's next GRC 1 is scheduled to be filed in June 2026, based on the Executive Director Letter Granting Extension of Time, issued on March 20, 2026.

QUESTION 4a:

- a. Please state whether SDG&E intends to include any portion of the revenue requirement it requests in this Application (A.26-02-001) in its upcoming GRC 1 application. If yes, please identify the specific costs used in the list in response to question 1.a. If no, please explain why not.

SDG&E RESPONSE 4a:

The costs associated with this application will not be included in the upcoming Test Year (TY) 2028 GRC application. As described in Chapter 8, Section II, Cost Recovery, on page 2 lines 3-6, SDG&E seeks to recover ongoing forecasted annual revenue requirements with its January 1 rate changes until such costs are incorporated into a future General Rate Case (GRC). SDG&E filed this Application pursuant to the requirements of D.25-08-04, which required that SDG&E file an application on a timeline separate and distinct from SDG&E's TY 2028 General Rate Case, which is currently set to be filed by June 15, 2026. Without a final, Commission-approved rate design by SDG&E's TY 2028 GRC filing date, which SDG&E does not anticipate will be available by June 15, 2026, SDG&E has insufficient basis on which to base an estimated revenue requirement associated with this rate. Litigating the rate design in this proceeding, while more-or-less simultaneously litigating the costs associated with that rate design in SDG&E's GRC, would lead to procedural overlap and wasted resources. Accordingly, because a final rate design will be determined in this proceeding, this proceeding is also the appropriate venue

CAL ADVOCATES DATA REQUEST 08
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE
DATE RECEIVED: MARCH 24, 2026
DATE RESPONDED: APRIL 7, 2026

for addressing cost recovery associated with implementation of the final, approved rate.

QUESTON 4b:

- b. Please explain if SDG&E is seeking approval of the \$11.5 million revenue requirement in this Application and if SDG&E will not seek approval for this revenue requirement in the GRC 1 application. Or if SDG&E is providing the cost information in this Application to inform the Commission of the associated costs but will seek approval for this revenue requirement in the GRC 1 application.

SDG&E RESPONSE 4b:

SDG&E objects to this request as duplicative. See the response to Question 4a. As discussed in Chapter 5, section III E, Rate and Bill Impact, SDG&E is seeking approval of the \$11.5 million through this application and will not include these costs or seek approval of these costs in the upcoming 2028 GRC application. Factors such as the required timing of this application, the timing of SDG&E's TY 2028 General Rate Case, and the need for the Commission to consider whether the costs associated with any adopted rate are just and reasonable, all favor consideration by the Commission of the revenue requirement associated with this rate in this proceeding.

QUESTION 4c:

- c. Assuming the revenue requirement of \$11.5 million could be addressed in SDG&E's GRC 1, why is SDG&E requesting these incremental revenue requirements in this dynamic rate proceeding? Please provide a detailed justification for why this standalone request is more appropriate in this Application than in SDG&E's GRC 1 application.

SDG&E RESPONSE 4c:

SDG&E objects to this request as based on a false assumption and on grounds that it calls for speculation. SDG&E contends that Cal Advocates cannot assume the revenue requirement could be addressed in SDG&E's TY 2028 GRC 1. *See also* SDG&E Response to Questions 4a and 4b above.

QUESTION 4d:

- d. Please explain why SDG&E believes these costs are incremental and how they differ from currently existing rate design programs that are already reflected or embedded in rates.

SDG&E RESPONSE 4d:

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Please refer to Chapter 9, section I., Purpose and Summary, on page 1 lines 8-11 which explains that this proposal is above and beyond costs authorized in the GRC. The costs requested are directly related to implementation of the proposed Demand Flex rates, which offers a unique rate design distinct from any existing SDG&E rates. Additional details can be found in Chapter 8, section II Cost Recovery, which explains the rationale to this approach.

QUESTION 4e:

- e. Please provide documentation and quantitative analysis that demonstrates how all costs associated with this request are incremental.

SDG&E RESPONSE 4e:

SDG&E objects to this request as duplicative. See SDG&E responses to Questions 1a and 2a, above; Chapter 9, section III. Revenue Requirement; Chapter 8, section II Cost Recovery; Chapter 5, section III. Implementation Costs along with Data Request No. 03 Attachment C, Chapter 6, section X. ME&O budget as well as associated workpapers, and Chapter 7, section III. Budget as well as associated workpapers.

QUESTION 4f:

- f. What specific accounting controls will SDG&E implement to ensure that the incremental revenue requirement requested in this application will not be duplicated in SDG&E upcoming GRC 1 Base Year or Test Year forecasts?

SDG&E RESPONSE 4f:

SDG&E objects to this request as duplicative and vague and ambiguous with respect to the term “accounting controls.” Subject to and without waiving the foregoing objections, SDG&E responds as follows:

SDG&E states above in response to Questions 4a and 4b that it is not requesting revenue requirement associated with this request in its TY 2028 GRC 1 application and SDG&E’s preparation of its TY 2028 GRC 1 is sufficiently far along for it to confirm, without a need for any additional accounting controls, that its forthcoming GRC 1 revenue requirement request does not include requests related to this application. *See also* Chapter 9, section III. Revenue Requirement and Chapter 8, section II Cost Recovery.

QUESTION 5:

- 5. SDG&E assigns a 5-year useful life to its computer software implementation.

QUESTION 5a:

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- a. Please explain how SDG&E developed a 5-year useful life estimate.

SDG&E RESPONSE 5a:

SDG&E's assignment of a 5-year useful life for computer software implementation is based on depreciation parameters approved by the California Public Utilities Commission (CPUC) as part of SDG&E's TY 2024 General Rate Case (GRC) 1.

The 5-year useful life reflects the GRC-approved book life for software assets, which represents the period over which utility software investments are expected to remain functional, supportable, and compliant with evolving operational and regulatory requirements. Consistent with established accounting and ratemaking practices, SDG&E amortizes software costs over this approved book life regardless of whether the underlying program, tariff, or rate design is intended to continue beyond that period.

Once approved in the GRC, the 5-year useful life is applied for ratemaking and accounting purposes unless revised and re-approved in a future GRC proceeding.

QUESTION 5b:

- b. Why does SDG&E consider a 5-year useful life appropriate if the demand flexibility rate structure is intended to be permanent?

SDG&E RESPONSE 5b:

SDG&E considers a 5-year useful life appropriate because the 5-year period applies specifically to the software implementation costs supporting the demand flexibility rate, not to the duration of the demand flexibility rate structure itself. *See also* Response to Question 5a above.

QUESTION 6:

6. Table DS-3 Forecasted Revenue Requirement Summary shows a negative (\$1.0) million total revenue requirement for the year 2027.² Please provide an explanation with supporting calculations and financial or accounting records that explain the calculations in this table and how SDG&E arrived at the figures presented in this table.

SDG&E RESPONSE 6:

The negative total revenue requirement shown in Table DS-3 for 2027 is attributable to negative federal and state income tax expense.

Specifically, under current tax law, SDG&E is able to deduct the full qualifying software implementation costs in the year they are incurred. This treatment results in a tax benefit in 2027 that exceeds the project's non-tax revenue requirement components (e.g., depreciation, return, and O&M), thereby producing a net negative revenue requirement for that year.

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This tax treatment reflects provisions enacted under the One Big Beautiful Bill Act (OBBBA), which allow for accelerated or full expensing of certain qualifying software investments. The resulting tax deduction reduces SDG&E's federal and state taxable income for 2027, leading to negative income tax expense reflected in the revenue requirement calculation.

QUESTION 6a:

- a. The forecast includes \$1.1 million in revenue requirement for the years 2032-2036. Provide a year-by-year itemization of the costs or activities expected to drive costs in these years after initial implementation.

SDG&E RESPONSE 6a:

See Chapter 9 workpapers provided in Response to Cal Advocates Data Request 01 for a year-by-year itemization of the revenue requirement costs in the requested years. The \$1.1 million revenue requirement reflected for the years 2032–2036 is primarily driven by the remaining depreciation expense and associated income taxes related to the software implementation costs. These costs are depreciated over a 5-year useful life beginning with the in-service date, resulting in a partial year of depreciation in 2027, full years of depreciation from 2028 through 2031, and a final partial year of depreciation in 2032. The revenue requirement from 2033 through 2036 is minimal or negative for the reasons discussed in response to Question 6 above.

QUESTION 6b:

- b. Please provide documentation and analysis demonstrating why SDG&E provides a 10-year revenue requirement forecast for its demand flexibility program.

SDG&E RESPONSE 6b:

See Chapter 9 workpapers provided in Response to Cal Advocates Data Request 01. Nearly all of the project's revenue requirement is incurred during the years 2027 through 2032, which corresponds to the asset's 5-year useful life, including partial years in 2027 and 2032. The revenue requirement amounts shown for the years 2033 through 2036 reflect only immaterial trailing components, consisting of income taxes and franchise fees and uncollectibles (FF&U), and together represent approximately 0.2 percent of the total revenue requirement.

QUESTION 7

7. Please provide the specific annual escalation percentages referred to on page 2,³ lines 1 through 13⁴ that is applied to labor and non-labor costs. Additionally, provide the specific load factors applied for overhead allocations such as payroll taxes, employee benefits, etc.

SDG&E RESPONSE 7:

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No escalation factors were applied to the Billing System budget presented in Chapter 5. The M&E budget includes a 1.03 escalation factor from Year 1 to Year 2 for Load Impact Evaluation, Customer Research and Process Surveys, and miscellaneous research activities. The ME&O budget similarly applies a year-over-year escalation factor of 1.03, representing a three percent annual increase. Please also refer to Response to Question 1.a. for where to find a breakdown of costs qualifying as labor and non-labor.

QUESTION 8

8. Please provide the lead lag study or calculation used to determine the Working Cash component of the rate base requested.

SDG&E RESPONSE 8:

Please refer to the attached Excel file “Working Capital Calculation.xlsx” for the calculation.

END OF REQUEST

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DATE RECEIVED: MARCH 24, 2026
DATE RESPONDED: APRIL 15, 2026

OBJECTIONS TO INSTRUCTIONS

1. SDG&E objects to the instructions to the extent they seek a verified response. SDG&E is providing responses in good faith and that it believes to be true and correct. SDG&E is not aware of any obligation to provide a verification to a data request.
2. SDG&E objects to the instructions to the extent they purport to require the individual(s) responsible for providing the response and/or designate the proper witness to cross-examine concerning the response. The responses reflect SDG&E's response as a Company to the requests and not the work of any one individual.
3. SDG&E objects to the instructions to the extent they state that the requests are ongoing in nature and require subsequent, supplemental information.
4. SDG&E objects to the instructions to the extent they request responses in multiple formats.
5. SDG&E objects to the instructions to the extent they provide shortened timelines for objections and requests for clarification.

EXPRESS RESERVATIONS

1. No response, objection, limitation or lack thereof, set forth in these responses and objections shall be deemed an admission or representation by SDG&E as to the existence or nonexistence of the requested information or that any such information is relevant or admissible.
2. SDG&E reserves the right to modify or supplement its responses and objections to each request, and the provision of any information pursuant to any request is not a waiver of that right.
3. SDG&E reserves the right to rely, at any time, upon subsequently discovered information.
4. These responses are made solely for the purpose of this proceeding and for no other purpose.

Subject to the foregoing general objections and express reservations, SDG&E responds as follows:

Data Requests

SUBJECT: REVENUE REQUIREMENT

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QUESTION 1b:

b. Please provide the cost drivers associated with each of the costs, such as program scopes, breakdown of activities, etc. and provide the supporting information to explain the cost drivers in detail.

SDG&E SUPPLEMENTAL RESPONSE 1b:

Please refer to question 1.a.

Cost drivers associated with the billing system are primarily related to the level of effort required to develop, validate, and test the items identified in Data Request No. 2, Attachment C. While customer count does not affect costs, the customer classes included do. The estimates include all customer classes consistent with Decision (D.) 25-08-049. Additionally, SDG&E's proposal excludes NBT/NEM customers. Inclusion of these customers would result in higher estimated prices as billing system design, validation and testing for this customer set to be more complicated. Additional contributing factors are further described in the response to Data Request No. 03, Question 2.

The cost drivers for SDG&E's Evaluation, Measurement, and Verification (EM&V) are associated with the 1) development of a Request for Proposals (RFP), 2) bill impact analyses and evaluation plan development during the initiation phase, 3) load impact evaluation studies, including analysis of bill impacts, 3) customer research, including surveys assessing awareness, understanding, responsiveness, and barriers to participation, and 4) miscellaneous analytical, research, and labor support required for implementation. SDG&E anticipates hiring an external evaluation consultant to conduct the EM&V activities. SDG&E does not expect any of its estimated costs for EM&V to be significantly impacted by a change in program scope.

ME&O costs fall into four categories: Customer Research and Insights, Digital and Paid Media, Direct Customer Outreach and Education, and Program Management and Support. Costs for Customer Research and Insights include external vendor-led qualitative research and message development/testing to determine perceptions of DF and bill impacts, understanding of rate descriptions, effective channels, and testing customer-facing rate names. Research is expected to span multiple eligible customer segments including residential, business, agricultural, CCA/non-CCA, CARE/non-CARE, disadvantaged communities (DACs) and multiple climate zones, with potential follow-on research late in Phase 1 to refine Phase 2. Digital and Paid Media costs reflect the scale and mix of paid channels, including digital display/search/social, programmatic, high-impact digital, and print/out-of-home as appropriate, creative development, multilingual execution, and

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ongoing optimization based on performance and findings from bill analysis, internal customer analytics and vendor research as well as the DF Pilot and LINA study. Direct Customer Outreach and Education costs are driven by developing and distributing education materials and targeted direct marketing, including email, plus outreach through CBOs and events. Across the ME&O plan, SDG&E plans to take a digital-first approach to mitigate costs, while recognizing that hard-to-reach populations may require other, more costly communication methods. Program Management and Support begins with pre-launch readiness activities like onboarding agencies, M&EO implementation planning, internal engagement of customer-facing teams, and development of digital infrastructure such as a dedicated landing page and updates to existing digital content. Following launch, Program Management and Support provides ongoing coordination to manage the phased rollout, align with CCAs/CBOs, and adapt targeting and messaging as insights from research, analytics, pilots, and measurement and evaluation become available.

SDG&E expects its estimated ME&O costs to remain relatively constant regardless of changes in final rate design or program scope with the following caveat(s): If a demand flexibility rate program is adopted and either residential customers are not eligible and/or unbundled customers are not eligible, ME&O costs associated with Customer Research and Insights, Digital and Paid Media, and Direct Customer Outreach would be significantly reduced (although Program Management and Support would remain largely unchanged).

END OF REQUEST

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SDG&E REVISED RESPONSE
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DATE RESPONDED: APRIL 20, 2026

OBJECTIONS TO INSTRUCTIONS

1. SDG&E objects to the instructions to the extent they seek a verified response. SDG&E is providing responses in good faith and that it believes to be true and correct. SDG&E is not aware of any obligation to provide a verification to a data request.
2. SDG&E objects to the instructions to the extent they purport to require the individual(s) responsible for providing the response and/or designate the proper witness to cross-examine concerning the response. The responses reflect SDG&E's response as a Company to the requests and not the work of any one individual.
3. SDG&E objects to the instructions to the extent they state that the requests are ongoing in nature and require subsequent, supplemental information.
4. SDG&E objects to the instructions to the extent they request responses in multiple formats.
5. SDG&E objects to the instructions to the extent they provide shortened timelines for objections and requests for clarification.

EXPRESS RESERVATIONS

1. No response, objection, limitation or lack thereof, set forth in these responses and objections shall be deemed an admission or representation by SDG&E as to the existence or nonexistence of the requested information or that any such information is relevant or admissible.
2. SDG&E reserves the right to modify or supplement its responses and objections to each request, and the provision of any information pursuant to any request is not a waiver of that right.
3. SDG&E reserves the right to rely, at any time, upon subsequently discovered information.
4. These responses are made solely for the purpose of this proceeding and for no other purpose.

Subject to the foregoing general objections and express reservations, SDG&E responds as follows:

Data Requests

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QUESTION 3

Provide any internal budgetary or planning documents used by SDG&E to arrive at the \$11.5 million total in revenue requirement that SDG&E has requested. Please include the supporting information used to derive SDG&E's cost estimates.

SDG&E REVISED RESPONSE 3:

SDG&E objects to this request as seeking duplicative information. Subject to and without waiving the foregoing objection, SDG&E responds as follows:

SDG&E provided its revenue requirement direct testimony at Chapter 09 (Ex. SDG&E-09) and associated workpapers in response to Cal Advocates DR 01 at Q1. SDG&E does not have additional budgetary or planning documents that were used to arrive at the \$11.5M revenue request.

END OF REQUEST

ATTACHMENT 5: CALPA-DR-16_SDGE Response.pdf

CAL ADVOCATES DATA REQUEST 16 DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001 SDG&E RESPONSE

**DATE RECEIVED: JUNE 3, 2026
DATE RESPONDED: JUNE 17, 2026**

OBJECTIONS TO INSTRUCTIONS

1. SDG&E objects to the instructions to the extent they seek a verified response. SDG&E is providing responses in good faith and that it believes to be true and correct. SDG&E is not aware of any obligation to provide a verification to a data request.
2. SDG&E objects to the instructions to the extent they purport to require the individual(s) responsible for providing the response and/or designate the proper witness to cross-examine concerning the response. The responses reflect SDG&E's response as a Company to the requests and not the work of any one individual.
3. SDG&E objects to the instructions to the extent they state that the requests are ongoing in nature and require subsequent, supplemental information.
4. SDG&E objects to the instructions to the extent they request responses in multiple formats.
5. SDG&E objects to the instructions to the extent they provide shortened timelines for objections and requests for clarification.

EXPRESS RESERVATIONS

1. No response, objection, limitation or lack thereof, set forth in these responses and objections shall be deemed an admission or representation by SDG&E as to the existence or nonexistence of the requested information or that any such information is relevant or admissible.
2. SDG&E reserves the right to modify or supplement its responses and objections to each request, and the provision of any information pursuant to any request is not a waiver of that right.
3. SDG&E reserves the right to rely, at any time, upon subsequently discovered information.
4. These responses are made solely for the purpose of this proceeding and for no other purpose.

Subject to the foregoing general objections and express reservations, SDG&E responds as follows:

DATA REQUESTS

SUBJECT: EVALUATION, MEASUREMENT AND VERIFICATION (EM&V) FOLLOW-UP

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SDG&E RESPONSE
DATE RECEIVED: JUNE 3, 2026
DATE RESPONDED: JUNE 17, 2026

QUESTION 1

In response to question 2a in “Cal Advocates’ Data Request 09” on April 9, 2026, SDG&E stated that its EM&V budget for the proposed demand flexibility rates (Proposed DF Rates) “considered the EM&V and associated budget for the previous Real Time Pricing Pilot Rate proceeding application A.21-12-006/A.21-12-008, Chapter 6.”¹

QUESTION 1a:

- a) Please provide the line-item budget for the EM&V activities that SDG&E proposed in A.21-12-006/A.21-12-008.

SDG&E RESPONSE TO QUESTION 1a:

The attached document titled “CALPA-DR-16-Q1a_SDGE Response.docx,” includes the line-item budget for the EM&V activities proposed by SDG&E in Application (A.) 21-12-006 and A.21-12-008.

QUESTION 1ai:

- i. Please also include a narrative description that details how the A.21-12-006/A.21-12-008 budget was originally developed.

SDG&E RESPONSE TO QUESTION 1ai:

Please refer to the Real-Time Pricing Pilot Rate Proceeding Application (A.21-12-006/A.21-12-008), specifically Leslie Willoughby’s testimony (Chapter 6). SDG&E is not aware of any additional information regarding development of the budget beyond that included in the testimony and the attached.

QUESTION 1aii:

- ii. Please include any calculations and underlying costs used to derive the numbers in this budget. For example, number of staff or hours assumed for specific work and the associated salary or hourly rate.

SDG&E RESPONSE TO QUESTION 1aii:

The attached document titled “CALPA-DR-16-Q1a_SDGE Response.docx,” includes the line-item budget for the EM&V activities proposed by SDG&E in Application (A.) 21-12-006 and A.21-12-008.

QUESTION 1aiii:

- iii. Please provide copies of any documents used in developing this budget. If this budget was developed based on previous actual expenses, please provide the supporting documentation showing those actual expenses.

SDG&E RESPONSE TO QUESTION 1aiii:

Please refer to the Real-Time Pricing Pilot Rate Proceeding Application (A.21-12-006/A.21-12-

¹ San Diego Gas & Electric Company (SDG&E), “Cal Advocates Data Request 09 Demand Flexible Rate Application – A.26.02.001 SDG&E Response,” April 9, 2026, at 3-4.

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008), specifically Leslie Willoughby's testimony (Chapter 6). SDG&E is not aware of any additional information regarding development of the budget beyond that included in the testimony.

QUESTION 1b:

If there are differences between the proposed EM&V budgets for the Real Time Pricing Pilots (A.21-12-006/A.21-12-008) and the Proposed DF Rates (A.26-02-001), identify the differences.

SDG&E RESPONSE TO QUESTION 1b:

The attached document titled "CALPA-DR-16-Q1b_SDGE Response.docx" includes the comparison of the proposed EM&V budgets for the Real Time Pricing Pilots (A.21-12-006/A.21-12-008) and the Proposed DF Rates (A.26-02-001).

QUESTION 1bi

Please explain the reasons for the differences.

SDG&E RESPONSE TO QUESTION 1bi:

The differences between the Proposed DF Rates EM&V budget and the Export Compensation and Real Time Pricing ("RTP") Measurement and Evaluation ("M&E") budget differ in applicability, timing, and scope of activities:

1. **Applicability:** The proposed Export Compensation and RTP M&E budget was structured to support two distinct pilots: the Export Compensation Pilot and the RTP Pilot with separate evaluation activities for each pilot stage. This resulted in a broader and more complex cost structure, as evaluation efforts had to be customized across multiple pilots and phases. The Proposed DF Rates EM&V budget is for evaluation of one pilot program.
2. **Timing and Evaluation Period:** The two budgets also differ in their evaluation timelines: The Proposed DF Rates EM&V budget supports a two-year evaluation period. The Export Compensation and RTP M&E budget was proposed to support a longer M&E period of Q4 2026 through Q1 2029, reflecting the need to conduct multi-stage pilot evaluations, including both initial (Stage 1) and follow-on (Stage 2) assessments.
3. **Scope of Activities:** The scope and scale of activities further distinguish the two budgets: The DF Rates EM&V budget, totaling approximately \$1.65 million, is narrower in scope and focuses on evaluation activities such as: evaluation planning and RFP development, load and bill impact analysis, customer research (includes surveys on customer acceptance, customer understanding of the RTP, barriers to entry, difficulties in implementation, etc.), and miscellaneous research. The Export Compensation and RTP M&E budget, totaling approximately \$2.94 million, includes a broader set of activities, including separate evaluation efforts for each pilot and stage, customer research across

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pilots, and participant incentives to support pilot engagement and data collection.

QUESTION 2:

To estimate the load impacts of Demand Response (DR) resources, SDG&E annually performs and files Load Impact Protocol (LIP) reports with the California Public Utilities Commission (CPUC).² These reports are archived on the California Measurement Advisory Council website: www.calmac.org.

QUESTION 2ai:

Please provide the actual line-item budget of expenditures that SDG&E used to perform and file its 2025 and 2026 LIP reports.

- i. Include any expenses for activities and/or items that SDG&E needed for the production of its 2025 and 2026 LIP reports. For example, if SDG&E developed a Request for Proposals (RFP) in 2021 for consultant services to produce its 2025 and/or 2026 LIP report(s), include costs related to the RFP.

SDG&E RESPONSE TO QUESTION 2ai:

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 likely reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving the foregoing objection, the expenses for development of the Load Impact Studies used to develop the DF rates budget are included in "CALPA-DR-16-Q1b_SDGE Response.xls," on tab "EM&V Budget detail" at rows 19-21.

² D.08-04-050, Decision Adopting Protocols for Estimating Demand Response Load Impacts, April 24, 2008, Ordering Paragraph (OP) 4, at 35.

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SDG&E RESPONSE
DATE RECEIVED: JUNE 3, 2026
DATE RESPONDED: JUNE 17, 2026

SUBJECT: REVISED TESTIMONY

QUESTION 1a:

On June 1, 2026, SDG&E served supplemental testimony on Chapters 2-5.

- a. Please provide the revised workpapers that accompany SDG&E's revised testimony with all formulas intact and functioning.

SDG&E RESPONSE TO QUESTION 1a:

SDG&E discovered an error in its revised testimony and will served second revised testimony to correct the error and will provide workpapers subsequent to serving the second revised testimony.

END OF REQUEST

ATTACHMENT 6: PG&E Advice Letter (AL) 6495-E, at 4.

mutual goal of launching the pilot by May 1, 2022, PG&E recommended the distribution rate design proposed in its AL be adopted without modification.

3. **Integration of Circuit Utilization Data with the Pilot IT Platform:** PG&E stated that it has identified 39 circuits that have agricultural customers in VCE's territory and that a will generate a 7-day forecast for the circuits. The forecast model will be evaluated at least each year to be updated, if necessary. PG&E specified the format of the data that will be provided to VCE via Application Programming Interface (API).
4. **PG&E Administration Budget Line Items for the Pilot:** PG&E provided an estimate of its administrative costs for the Pilot, which totaled to \$750,000.⁶ This proposed budget included an estimate of \$400,000 for the measurement and evaluation (M&E) studies for the Pilot as well as \$20,000 for an outside contractor to perform a customer insight study that supplements the M&E study required by the Decision.⁷
5. **Customer Eligibility:** In addition to the elements that PG&E was required to include in its AL per the Decision, PG&E also included details about customer eligibility for the pilot as follows:⁸
 - a. Only agricultural pumping loads for customers who take energy service from VCE and are on a PG&E agricultural electric schedule shall qualify.
 - b. Customers must enroll in one of the following rates to participate in this pilot: AG-A1, AG-A2, AG-B, AG-C. Legacy AG rates will not be supported because they have distribution on-peak hours that are not consistent with peak CAISO hours. Customers on NEM 1 or NEM 2 tariffs are also eligible.
 - c. Customers on Virtual NEM (VNEM), NEM aggregation (NEMA), NEM Paired Storage and NEM Multiple Tariff should not be eligible for the Pilot due to the complexity of those rates.
 - d. Dual Participation should be prohibited in load management or demand response programs that are based on day ahead price signals.
 - e. Prohibited resources (such as fossil fueled backup generation) should not be used.
 - f. PG&E proposed to use the customers' aggregated maximum annual peak load as the methodology for calculation the Pilot scale (5 MW) and requested that VCE provide monthly reporting to Energy Division and PG&E capturing the enrolled demand and methodology for calculating the aggregated load to track Pilot progress.
 - g. PG&E said that it expects that customers enrollment into the pilot rate will be governed by Electric Rule 12.
 - h. PG&E assumes VCE will be responsible for administering the customer pump integration and automation incentive and ensuring adherence to the Pilot's three-year customer participation requirement.

OP 57 of the Decision required VCE to file a Tier 2 AL that included details on the following elements of the Pilot: (1) pilot scope, (2) pilot partners, (3) shadow bill implementation, (4) pilot dates, (5) pilot tariff design, and (6) details of how circuit and system data will be used to calibrate and calculate tariff price curves. The VCE AL was required to contain the majority of the Pilot details as the Decision specified that VCE shall be primarily responsible for the

⁶ PG&E AL 6495-E at 6.

⁷ *Id.* at 8.

⁸ PG&E AL 6495-E at 8

ATTACHMENT 7: Email correspondence between Cal Advocates and SDG&E

From: [Kirchhoff, Tyler M](#)
To: [DeTuri, Jeff N](#); [Baez, Rachelle R](#); [Haro, Chelsea](#); [Saxe, William G](#); [Schenck, Lauren](#); [Li, Xian Ming "Cindy"](#); [Akiya, Kimiko](#); [Hashimoto, Patricia](#); [Lau, Ka Ho "James"](#); [Misra, Priya](#); [Nichols, Otto](#); [Hogan, Christopher](#); [Hansson, Rebecca](#)
Subject: [EXTERNAL] RE: Cal Advocates | SDGE Meet and Confer: Demand Flex Rate Workpapers
Date: Friday, July 17, 2026 12:43:03 PM

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

All, thank you for meeting on Tuesday. SDG&E was pleased that we were able to resolve the questions regarding linked workpapers. To address the final question regarding Chapter 9 revenue requirement, please reference the below:

Thank you for your request regarding the calculations underlying the revenue requirement workpapers.

The information you are seeking is derived directly from SDG&E's revenue requirement model. The specific calculations are embedded within that model and are not maintained as standalone calculations outside of it. As a result, there is not a separate set of supporting calculations that can be produced independent of the model itself, and SDG&E does not provide its revenue requirement model to external parties. The model is highly complex and relies on numerous linked files and data sources located within SDG&E's internal network that are necessary for the model to function properly. Without those dependencies, the model cannot be effectively reviewed or replicated outside of SDG&E's internal environment.

We also believe there may be a misunderstanding regarding the purpose of the revenue requirement workpapers. The revenue requirement presentation is intended to illustrate how approved costs flow through ratemaking mechanisms and ultimately affect customer rates and bills. It serves as a rate impact and revenue recovery framework rather than a direct ledger of the underlying project or program budget request. Accordingly, the revenue requirement will not tie directly to the total budget request on a dollar-for-dollar basis. The application seeks Commission approval of the implementation costs associated with SDG&E's proposed rate design, as presented in the testimony of Chelsea Haro (Chapter 5—Implementation). The revenue requirement reflects how those implementation costs will flow through to customers via rates. As a result, differences between the requested budget and revenue requirement outputs are expected and arise from the mechanics of ratemaking, including timing, depreciation, return calculations, taxes, and other revenue requirement components.

If there are specific questions regarding individual line items, assumptions, or components included in the revenue requirement, SDG&E would be happy to provide additional explanation and clarification to facilitate your review.

Thank you,
Tyler

-----Original Appointment-----

From: Kirchhoff, Tyler M
Sent: Wednesday, July 1, 2026 9:20 AM
To: Kirchhoff, Tyler M; DeTuri, Jeff N; Baez, Rachelle R; Haro, Chelsea; Saxe, William G; Lauren.Schenck@cpuc.ca.gov; Li, Xian Ming "Cindy"; Akiya, Kimiko; Hashimoto, Patricia; Lau, Ka Ho "James"; Misra, Priya; Nichols, Otto; Hogan, Christopher; Hansson, Rebecca
Subject: Cal Advocates | SDGE Meet and Confer: Demand Flex Rate Workpapers
When: Tuesday, July 14, 2026 2:00 PM-2:30 PM (UTC-08:00) Pacific Time (US & Canada).
Where: Microsoft Teams Meeting

Please join for a Meet and Confer regarding SDG&E's Demand Flexible Rate Application Workpapers.

Microsoft Teams meeting

Join: <https://teams.microsoft.com/meet/248691456986755?p=wFd4LPS88S8OPMxQZq>

Meeting ID: 248 691 456 986 755

Passcode: Qp6s7X2g

[Need help?](#) | [System reference](#)

Dial in by phone

[+1 858-284-1506,806489716#](#) United States, Del Mar

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Tenant key: sandiego@m.webex.com

Video ID: 117 388 093 8

[More info](#)

For organizers: [Meeting options](#) | [Reset dial-in PIN](#)

[Privacy and security](#)

From: [Anisovets, Kathy P](#)
To: [Akiya, Kimiko](#); [Kirchhoff, Tyler M](#); [Hansson, Rebecca](#)
Cc: [Li, Xian Ming "Cindy"](#); [Hashimoto, Patricia](#); [Lau, Ka Ho "James"](#); [Misra, Priya](#); [Nichols, Otto](#); [Hogan, Christopher](#); [Schenck, Lauren](#)
Subject: RE: [EXTERNAL] RE: RA. 26-02-001: Cal Advocates' Data Request No. 17
Date: Thursday, June 25, 2026 4:55:36 PM
Attachments: [image003.png](#)
[image004.png](#)
[image005.png](#)
[image007.png](#)

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Hello Kimiko,

Your meeting description below has been accurately captured. We appreciate you taking the time to meet with us and will provide the updated workpapers for Cal Advocates to re-link by July 2.

Thank you,

Kathy Anisovets

Regulatory Case Manager

T 619.613.0852

E KAnisove@sdge.com

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For more information about privacy at SDG&E visit sdge.com/privacy.

From: Akiya, Kimiko <Kimiko.Akiya@cpuc.ca.gov>
Sent: Thursday, June 25, 2026 4:36 PM
To: Kirchhoff, Tyler M <TMKirch2@sdge.com>; Anisovets, Kathy P <KAnisove@sdge.com>; Hansson, Rebecca <RHansson@sdge.com>
Cc: Li, Xian Ming "Cindy" <Xian.Li@cpuc.ca.gov>; Hashimoto, Patricia <Patricia.Hashimoto@cpuc.ca.gov>; Lau, Ka Ho "James" <KaHoJames.Lau@cpuc.ca.gov>; Misra, Priya <Priya.Misra@cpuc.ca.gov>; Nichols, Otto <Otto.Nichols@cpuc.ca.gov>; Hogan, Christopher <Christopher.Hogan@cpuc.ca.gov>; Schenck, Lauren <Lauren.Schenck@cpuc.ca.gov>
Subject: RE: [EXTERNAL] RE: RA. 26-02-001: Cal Advocates' Data Request No. 17

Good afternoon,

Thank you for meeting with Cal Advocates today regarding SDG&E's workpapers. To reiterate what we provided on the call, Cal Advocates need workpapers from SDG&E that include active links showing how the information flows into other connected workpapers and with formulas intact. Cal Advocates is unable to prepare proper testimony with SDG&E's workpapers that have no active links and formulas to show SDG&E's work.

From: [Akiya, Kimiko](#)
To: [Kirchhoff, Tyler M](#); [Anisovets, Kathy P](#); [Hansson, Rebecca](#)
Cc: [Li, Xian Ming "Cindy"](#); [Hashimoto, Patricia](#); [Lau, Ka Ho "James"](#); [Misra, Priya](#); [Nichols, Otto](#); [Hogan, Christopher](#); [Schenck, Lauren](#)
Subject: RE: [EXTERNAL] RE: RA, 26-02-001: Cal Advocates" Data Request No. 17
Date: Thursday, June 25, 2026 4:35:00 PM

Good afternoon,

Thank you for meeting with Cal Advocates today regarding SDG&E's workpapers. To reiterate what we provided on the call, Cal Advocates need workpapers from SDG&E that include active links showing how the information flows into other connected workpapers and with formulas intact. Cal Advocates is unable to prepare proper testimony with SDG&E's workpapers that have no active links and formulas to show SDG&E's work.

During the meeting, SDG&E agreed to provide updated workpapers related to its Second Revised Testimony served on June 17, 2026, and any workpapers that were not updated, with links to show how the information in the workbooks are connected. While the links in the cells won't work because they would refer to where the workpapers are stored in SDG&E's system and Cal Advocates will be storing workpapers in its own folder, they would have information referring to the relevant workbooks and cell which would direct Cal Advocates how to re-link the workpapers such that Cal Advocates will be able to see how information is connected to other workpapers and analyze the formulas. SDG&E agreed to provide updated workpapers with links by next week, Thursday, July 2, 2026.

SDG&E and Cal Advocates also agreed to set up another meet and confer meeting after the updated workpapers are provided to discuss any remaining discovery issues regarding the workpapers.

If we misunderstood any of the above, please let us know as soon as possible.

Regards,
Kimiko

Kimiko Akiya (she/her)
Attorney
Legal Division
California Public Utilities Commission
415-703-1588 | kimiko.akiya@cpuc.ca.gov
www.cpuc.ca.gov

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From: Schenck, Lauren <Lauren.Schenck@cpuc.ca.gov>
Sent: Friday, June 19, 2026 8:41 AM
To: Kirchhoff, Tyler M <TMKirch2@sdge.com>; Anisovets, Kathy P <KAnisove@sdge.com>
Cc: Li, Xian Ming "Cindy" <Xian.Li@cpuc.ca.gov>; Akiya, Kimiko <Kimiko.Akiya@cpuc.ca.gov>; Hashimoto, Patricia <Patricia.Hashimoto@cpuc.ca.gov>; Lau, Ka Ho "James" <KaHoJames.Lau@cpuc.ca.gov>; Misra, Priya <Priya.Misra@cpuc.ca.gov>; Nichols, Otto <Otto.Nichols@cpuc.ca.gov>; Hogan, Christopher <Christopher.Hogan@cpuc.ca.gov>; Hansson, Rebecca <rhansson@sdge.com>
Subject: Re: [EXTERNAL] RE: RA. 26-02-001: Cal Advocates' Data Request No. 17

Good morning Tyler and Kathy,

Thanks for sending over your workpapers yesterday evening. Please go ahead and send out a calendar invite for next Thursday's meeting, including the Cal Advocates folks CC'd to this email. We look forward to chatting with your team next week.

Thanks again,

Lauren Schenck (she/her)

Regulatory Analyst | Public Advocates Office

California Public Utilities Commission

505 Van Ness Avenue, San Francisco, CA 94102

Lauren.Schenck@cpuc.ca.gov | Office: 415.703.1210

publicadvocates.cpuc.ca.gov | Cell: 408.315.5141



From: Kirchhoff, Tyler M <TMKirch2@sdge.com>
Sent: Thursday, June 18, 2026 5:21 PM
To: Akiya, Kimiko <Kimiko.Akiya@cpuc.ca.gov>; Schenck, Lauren <Lauren.Schenck@cpuc.ca.gov>; Hansson, Rebecca <RHansson@sdge.com>; Anisovets, Kathy P <KAnisove@sdge.com>
Cc: Li, Xian Ming "Cindy" <Xian.Li@cpuc.ca.gov>; Hashimoto, Patricia <Patricia.Hashimoto@cpuc.ca.gov>; Lau, Ka Ho "James" <KaHoJames.Lau@cpuc.ca.gov>; Misra,

Priya <Priya.Misra@cpuc.ca.gov>

Subject: RE: [EXTERNAL] RE: RA. 26-02-001: Cal Advocates' Data Request No. 17

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Hi Kimiko, SDG&E is glad to meet. We are available Thursday 6/25, 3-330p. Let us know if you wish to send an invite, or us to. Please note, I will be out of office, so please work with my colleague Kathy Anisovets (cc'd) in scheduling invites. Thanks!

Tyler

From: Akiya, Kimiko <Kimiko.Akiya@cpuc.ca.gov>

Sent: Thursday, June 18, 2026 3:57 PM

To: Kirchhoff, Tyler M <TMKirch2@sdge.com>; Schenck, Lauren <Lauren.Schenck@cpuc.ca.gov>; Hansson, Rebecca <RHansson@sdge.com>; Anisovets, Kathy P <KAnisove@sdge.com>

Cc: Li, Xian Ming "Cindy" <Xian.Li@cpuc.ca.gov>; Hashimoto, Patricia <Patricia.Hashimoto@cpuc.ca.gov>; Lau, Ka Ho "James" <KaHoJames.Lau@cpuc.ca.gov>; Misra, Priya <Priya.Misra@cpuc.ca.gov>

Subject: RE: [EXTERNAL] RE: RA. 26-02-001: Cal Advocates' Data Request No. 17

Hi Tyler,

Cal Advocates would like to set up a meet and confer meeting with SDG&E regarding its workbooks and the links not working. Our availability for a meet and confer meeting next week are as follows:

- 06/23 – 11:00am-1:00pm, 2:30-3:30pm
- 06/24 – 4:00pm-5:00pm
- 06/25 – 12:30pm-2:30pm, 3:00-4:00pm

Please let us know if you are available to meet during any of these dates and times.

Thank you,
Kimiko

Kimiko Akiya (she/her)
Attorney

Legal Division
California Public Utilities Commission
415-703-1588 | kimiko.akiya@cpuc.ca.gov
www.cpuc.ca.gov

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From: Kirchhoff, Tyler M <TMKirch2@sdge.com>
Sent: Thursday, June 18, 2026 2:14 PM
To: Schenck, Lauren <Lauren.Schenck@cpuc.ca.gov>; Hansson, Rebecca <RHansson@sdge.com>; Anisovets, Kathy P <KAnisove@sdge.com>
Cc: Li, Xian Ming "Cindy" <Xian.Li@cpuc.ca.gov>; Akiya, Kimiko <Kimiko.Akiya@cpuc.ca.gov>; Hashimoto, Patricia <Patricia.Hashimoto@cpuc.ca.gov>; Lau, Ka Ho "James" <KaHoJames.Lau@cpuc.ca.gov>; Chau, Peter <Peter.Chau@cpuc.ca.gov>; Misra, Priya <Priya.Misra@cpuc.ca.gov>
Subject: RE: [EXTERNAL] RE: RA. 26-02-001: Cal Advocates' Data Request No. 17

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Hi Lauren, thanks for your patience. I have discussed this matter with the SDG&E team. It appears that our workbooks are developed using an internal Sharepoint site. Once the workbooks are taken off this website, I understand that the embedded links will no longer work. As a result we'd like to offer a meeting with your team to walk through any questions you may have on the workbooks to clarify any open questions. Would you be willing to meet to discuss?

Adding my colleague Kathy Anisovets (cc'd) who can help schedule during my out of office next week.

Thanks,
Tyler

From: Schenck, Lauren <Lauren.Schenck@cpuc.ca.gov>
Sent: Monday, June 15, 2026 2:45 PM
To: Kirchhoff, Tyler M <TMKirch2@sdge.com>; Hansson, Rebecca <RHansson@sdge.com>
Cc: Li, Xian Ming "Cindy" <Xian.Li@cpuc.ca.gov>; Akiya, Kimiko <Kimiko.Akiya@cpuc.ca.gov>; Hashimoto, Patricia <Patricia.Hashimoto@cpuc.ca.gov>; Lau, Ka Ho "James" <KaHoJames.Lau@cpuc.ca.gov>; Chau, Peter <Peter.Chau@cpuc.ca.gov>; Misra, Priya <Priya.Misra@cpuc.ca.gov>
Subject: Re: [EXTERNAL] RE: RA. 26-02-001: Cal Advocates' Data Request No. 17

Good afternoon Tyler and Rebecca,

I just wanted to follow up on this data request that is asking for workpapers. I want to clarify that we are asking SDG&E to provide its workpapers with live links to data within and between the workbooks, so that data can be clearly traced, as well as soft-coded formulas,

so that calculations can be understood (as requested in Question 2 of DR-17).

I am also pre-emptively requesting that SDG&E provide its expected updated workpapers in the same format, in order to avoid further confusion. For example, links between the Commodity Cost study workpapers and the workpapers that they rely on, such as the Top 150 hours workbook, and feed into, such as the MGCC Rate Workpaper, are currently missing. Additionally, links between the rate workbooks and the bill calculation workbooks are not currently included.

If SDG&E has any questions or concerns, please reach out!

Thanks,

Lauren Schenck (she/her)

Regulatory Analyst | Public Advocates Office

California Public Utilities Commission

505 Van Ness Avenue, San Francisco, CA 94102

Lauren.Schenck@cpuc.ca.gov | Office: 415.703.1210

publicadvocates.cpuc.ca.gov | Cell: 408.315.5141



From: Kirchhoff, Tyler M <TMKirch2@sdge.com>
Sent: Thursday, June 4, 2026 5:16 PM
To: Schenck, Lauren <Lauren.Schenck@cpuc.ca.gov>; Hansson, Rebecca <RHansson@sdge.com>
Cc: Li, Xian Ming "Cindy" <Xian.Li@cpuc.ca.gov>; Akiya, Kimiko <Kimiko.Akiya@cpuc.ca.gov>; Hashimoto, Patricia <Patricia.Hashimoto@cpuc.ca.gov>; Lau, Ka Ho "James" <KaHoJames.Lau@cpuc.ca.gov>; Chau, Peter <Peter.Chau@cpuc.ca.gov>; Misra, Priya <Priya.Misra@cpuc.ca.gov>
Subject: Re: [EXTERNAL] RE: RA. 26-02-001: Cal Advocates' Data Request No. 17

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Receipt confirmed. Thanks!

From: Schenck, Lauren <Lauren.Schenck@cpuc.ca.gov>
Sent: Thursday, June 4, 2026 3:50:23 PM
To: Kirchhoff, Tyler M <TMKirch2@sdge.com>; Hansson, Rebecca <RHansson@sdge.com>
Cc: Li, Xian Ming "Cindy" <Xian.Li@cpuc.ca.gov>; Akiya, Kimiko <Kimiko.Akiya@cpuc.ca.gov>; Hashimoto, Patricia <Patricia.Hashimoto@cpuc.ca.gov>; Lau, Ka Ho "James" <KaHoJames.Lau@cpuc.ca.gov>; Chau, Peter <Peter.Chau@cpuc.ca.gov>; Misra, Priya <Priya.Misra@cpuc.ca.gov>
Subject: Re: [EXTERNAL] RE: RA. 26-02-001: Cal Advocates' Data Request No. 17

My apologies!

Thanks for clarifying, Tyler. I did accidentally include a previous data request instead of the new Data Request No. 17 (now attached).

Please be sure to reach out if anything else comes up,

Lauren Schenck (she/her)

Regulatory Analyst | Public Advocates Office

California Public Utilities Commission

505 Van Ness Avenue, San Francisco, CA 94102

Lauren.Schenck@cpuc.ca.gov | Office: 415.703.1210

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From: Kirchhoff, Tyler M <TMKirch2@sdge.com>
Sent: Thursday, June 4, 2026 3:46 PM
To: Schenck, Lauren <Lauren.Schenck@cpuc.ca.gov>; Hansson, Rebecca <RHansson@sdge.com>
Cc: Li, Xian Ming "Cindy" <Xian.Li@cpuc.ca.gov>; Akiya, Kimiko <Kimiko.Akiya@cpuc.ca.gov>; Hashimoto, Patricia <Patricia.Hashimoto@cpuc.ca.gov>; Lau, Ka Ho "James" <KaHoJames.Lau@cpuc.ca.gov>; Chau, Peter <Peter.Chau@cpuc.ca.gov>; Misra, Priya <Priya.Misra@cpuc.ca.gov>
Subject: [EXTERNAL] RE: RA. 26-02-001: Cal Advocates' Data Request No. 17

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Hi Lauren, it appears you may have attached CalPA DR14 to this email, rather than DR17. Would you please confirm?

Thanks,
Tyler

From: Schenck, Lauren <Lauren.Schenck@cpuc.ca.gov>
Sent: Thursday, June 4, 2026 3:35 PM
To: Kirchhoff, Tyler M <TMKirch2@sdge.com>; Hansson, Rebecca <RHansson@sdge.com>
Cc: Li, Xian Ming "Cindy" <Xian.Li@cpuc.ca.gov>; Akiya, Kimiko <Kimiko.Akiya@cpuc.ca.gov>; Hashimoto, Patricia <Patricia.Hashimoto@cpuc.ca.gov>; Lau, Ka Ho "James" <KaHoJames.Lau@cpuc.ca.gov>; Chau, Peter <Peter.Chau@cpuc.ca.gov>; Misra, Priya <Priya.Misra@cpuc.ca.gov>
Subject: [EXTERNAL] RA. 26-02-001: Cal Advocates' Data Request No. 17

Good afternoon Tyler and Rebecca,

Please find attached Cal Advocates' Data Request No. 17 in A.26-02-001 following up on SDG&E's proposed revenue requirement, with a response due date of June 18, 2026.

Please let us know if you have any questions about phrasing, terminology, admissibility, or any other related topic, and we will be happy to schedule a meeting to clarify. Additionally, please confirm receipt.

Thank you,

Lauren Schenck (she/her)

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505 Van Ness Avenue, San Francisco, CA 94102

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publicadvocates.cpuc.ca.gov | Cell: 408.315.5141

ATTACHMENT 8: CALPA-DR-14_SDGE Response.pdf

**CAL ADVOCATES DATA REQUEST 14
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE**

**DATE RECEIVED: MAY 12, 2026
DATE RESPONDED: MAY 29, 2026**

OBJECTIONS TO INSTRUCTIONS

1. SDG&E objects to the instructions to the extent they seek a verified response. SDG&E is providing responses in good faith and that it believes to be true and correct. SDG&E is not aware of any obligation to provide a verification to a data request.
2. SDG&E objects to the instructions to the extent they purport to require the individual(s) responsible for providing the response and/or designate the proper witness to cross-examine concerning the response. The responses reflect SDG&E's response as a Company to the requests and not the work of any one individual.
3. SDG&E objects to the instructions to the extent they state that the requests are ongoing in nature and require subsequent, supplemental information.
4. SDG&E objects to the instructions to the extent they request responses in multiple formats.
5. SDG&E objects to the instructions to the extent they provide shortened timelines for objections and requests for clarification.

EXPRESS RESERVATIONS

1. No response, objection, limitation or lack thereof, set forth in these responses and objections shall be deemed an admission or representation by SDG&E as to the existence or nonexistence of the requested information or that any such information is relevant or admissible.
2. SDG&E reserves the right to modify or supplement its responses and objections to each request, and the provision of any information pursuant to any request is not a waiver of that right.
3. SDG&E reserves the right to rely, at any time, upon subsequently discovered information.
4. These responses are made solely for the purpose of this proceeding and for no other purpose.

Subject to the foregoing general objections and express reservations, SDG&E responds as follows:

DATA REQUESTS

SUBJECT: REVENUE REQUIREMENT

CAL ADVOCATES DATA REQUEST 14
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE
DATE RECEIVED: MAY 12, 2026
DATE RESPONDED: MAY 29, 2026

QUESTION 1:

Has SDG&E completed all approved electric projects using the full level of funding approved for each project from SDG&E's 2024 General Rate Case Phase 1 (GRC 1) Application (A.22-05-016)?

SDG&E RESPONSE TO QUESTION 1:

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 likely reasonably calculated to lead to the discovery of admissible evidence. SDG&E further objects on grounds that the request is unduly burdensome and exceeding the scope of permissible discovery under Rule 10.1, of the Commission's Rules of Practice and Procedure and the burden of the request clearly outweighs the likelihood that the information sought will lead to the discovery of admissible evidence.

SDG&E further objects to the request on grounds that it is vague, ambiguous and unintelligible in that it seeks information on "approved electric projects" and whether SDG&E has used the "full level of funding approved for each project" from SDG&E's GRC without defining "electric project" or "full level of funding." The Commission's final decision in SDG&E's Test Year 2024 GRC does not contain the phrase "electric project" in the 1,106 pages of the final decision. Additionally, the Commission does not typically approve "projects" in a GRC. Rather, the Commission approves utility cost forecasts in determining an approved test year revenue requirement. For the post-test years, D.24-12-074 set a 3% escalator on the base margin revenue requirement, plus forecasted revenue requirement for certain capital budget categories.

Therefore, pursuant to the objections and explanation above, SDG&E is unable to respond to this request.

CAL ADVOCATES DATA REQUEST 14
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE
DATE RECEIVED: MAY 12, 2026
DATE RESPONDED: MAY 29, 2026

QUESTION 1a.:

Please provide:

- i. A list of all incomplete electric projects;
- ii. The GRC 1 approved amount of funding for each electric project;
- iii. The current actual cost of the electric project;
- iv. The expected additional cost to complete the project; and
- v. A comparison between the GRC 1 approved amounts and the current total estimate to complete the GRC 1 approved electric project, showing forecasted cost savings or incremental revenues compared to the GRC 1 approved amounts.

SDG&E RESPONSE TO QUESTION 1a:

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 likely reasonably calculated to lead to the discovery of admissible evidence. SDG&E further objects on grounds that the request is unduly burdensome and exceeding the scope of permissible discovery under Rule 10.1, of the Commission's Rules of Practice and Procedure and the burden of the request clearly outweighs the likelihood that the information sought will lead to the discovery of admissible evidence.

SDG&E further objects to the request on grounds that it is vague, ambiguous and unintelligible in that it fails to define "electric projects," "incomplete electric projects," or "approved amounts." The Commission's final decision in SDG&E's Test Year 2024 GRC does not contain the phrase "electric project" in the 1,106 pages of the final decision. Additionally, the Commission does not typically approve "projects" in a GRC. Rather, the Commission approves utility cost forecasts in determining an approved test year revenue requirement. For the post-test years, D.24-12-074 set a 3% escalator on the base margin revenue requirement, plus forecasted revenue requirement for certain capital budget categories.

Therefore, pursuant to the objections and explanation above, SDG&E is unable to respond to this request.

CAL ADVOCATES DATA REQUEST 14
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE
DATE RECEIVED: MAY 12, 2026
DATE RESPONDED: MAY 29, 2026

QUESTION 1b:

Please provide:

- i. A list of all completed electric projects;
- ii. The GRC 1 approved amount of funding for each electric project;
- iii. The actual cost of completing the electric project; and
- iv. A comparison between the GRC 1 approved amounts and the actual cost of completing the project, showing forecasted cost savings or incremental revenues compared to the GRC 1 approved amounts.

SDG&E RESPONSE TO QUESTION 1b:

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 likely reasonably calculated to lead to the discovery of admissible evidence. SDG&E further objects on grounds that the request is unduly burdensome and exceeding the scope of permissible discovery under Rule 10.1, of the Commission's Rules of Practice and Procedure and the burden of the request clearly outweighs the likelihood that the information sought will lead to the discovery of admissible evidence.

SDG&E further objects to the request on grounds that it is vague, ambiguous and unintelligible in that it fails to define "electric projects," "completed electric projects," or "approved amounts." The Commission's final decision in SDG&E's Test Year 2024 GRC does not contain the phrase "electric project" in the 1,106 pages of the final decision. Additionally, the Commission does not typically approve "projects" in a GRC. Rather, the Commission approves utility cost forecasts in determining an approved test year revenue requirement. For the post-test years, D.24-12-074 set a 3% escalator on the base margin revenue requirement, plus forecasted revenue requirement for certain capital budget categories.

Therefore, pursuant to the objections and explanation above, SDG&E is unable to respond to this request.

CAL ADVOCATES DATA REQUEST 14
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE
DATE RECEIVED: MAY 12, 2026
DATE RESPONDED: MAY 29, 2026

QUESTION 2

Were there any electric projects that were approved in SDG&E's 2024 GRC 1 which have either been canceled or eliminated?

SDG&E RESPONSE TO QUESTION 2:

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 likely reasonably calculated to lead to the discovery of admissible evidence. SDG&E further objects on grounds that the request is unduly burdensome and exceeding the scope of permissible discovery under Rule 10.1, of the Commission's Rules of Practice and Procedure and the burden of the request clearly outweighs the likelihood that the information sought will lead to the discovery of admissible evidence.

SDG&E further objects to the request on grounds that it is vague, ambiguous and unintelligible in that it fails to define "electric projects." The Commission's final decision in SDG&E's Test Year 2024 GRC does not contain the phrase "electric project" in the 1,106 pages of the final decision. Additionally, the Commission does not typically approve "projects" in a GRC. Rather, the Commission approves utility cost forecasts in determining an approved test year revenue requirement. For the post-test years, D.24-12-074 set a 3% escalator on the base margin revenue requirement, plus forecasted revenue requirement for certain capital budget categories.

Therefore, pursuant to the objections and explanation above, SDG&E is unable to respond to this request.

CAL ADVOCATES DATA REQUEST 14
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE
DATE RECEIVED: MAY 12, 2026
DATE RESPONDED: MAY 29, 2026

QUESTION 2a:

If so, please provide:

- i. A list of all canceled or eliminated electric projects that were approved in SDG&E's 2024 GRC 1 application;
- ii. The approved funding amount of the electric project;
- iii. The amount of actual spend each electric project incurred before it was eliminated or canceled;
- iv. Whether the balance of the approved funding was shifted to fund an alternative electric or gas project; and
- v. The amount of any remaining approved funds that are available to fund alternative electric projects.

SDG&E RESPONSE TO QUESTION 2a:

SDG&E incorporates by reference the response and objections to Question 2 above.

CAL ADVOCATES DATA REQUEST 14
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE
DATE RECEIVED: MAY 12, 2026
DATE RESPONDED: MAY 29, 2026

QUESTION 3:

Does SDG&E have any authorized funding from SDG&E's 2024 GRC 1 that can be reallocated to cover the requested \$11.5 million revenue requirement?

SDG&E RESPONSE TO QUESTION 3:

SDG&E objects to this request on grounds that it ignores sound ratemaking practices. Subject to and without waiving the foregoing objection, SDG&E responds as follows:

SDG&E is required to comply with all Commission decisions and will comply with a final Commission decision in this proceeding. However, SDG&E has recently stated that in Commission filings that the test year 2024 GRC failed to sufficiently fund capital investments in the post-test years, including for projects or programs that are safety and reliability related. *See A.22-05-015 et al.*, Petition of Southern California Gas Company and SDG&E for Modification of Decision 24-12-074 at page 29. Accordingly, it is a logical conclusion that SDG&E would not have adequate funding from its test year 2024 GRC to reallocate to costs associated with implementation of this rate.

Additionally, it must be kept in mind, that a "utility is generally entitled to its reasonable costs and expenses," as well as "the opportunity, but no guarantee, to earn a rate of return on the utility's rate base." *See D.12-11-051* at 10. Further, it is the Commission's duty and obligation under Pub. Util. Code § 451 is to establish just and reasonable rates to enable SDG&E to provide safe and reliable service for the convenience of the public, ratepayers, and employees, while allowing SDG&E an opportunity for their shareholders to earn a fair return on the property that the companies use in providing their utility services. *See D.13-05-010* at 12-13.

Moreover, not only is there Commission precedent cost recovery related to DF rates, but Cal Advocates itself argued that costs should be considered in conjunction with consideration of DF rate designs. *See R.22-07-005*, Opening Comments of the Public Advocates Office on the ALJ's PD on Adopting Guidelines for the Electric IOUs' DF Rate Design Proposals (filed August 14, 2025) at 13.

CAL ADVOCATES DATA REQUEST 14
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QUESTION 3a:

Please explain why or why not.

SDG&E RESPONSE TO QUESTION 3a:

SDG&E incorporates by reference the response and objection to Question 3 above.

CAL ADVOCATES DATA REQUEST 14
DEMAND FLEXIBLE RATE APPLICATION – A.26-02-001
SDG&E RESPONSE
DATE RECEIVED: MAY 12, 2026
DATE RESPONDED: MAY 29, 2026

QUESTION 3b:

Please provide copies of any supporting documentation that demonstrates that SDG&E does or does not have any authorized funding that can be reallocated.

SDG&E RESPONSE TO QUESTION 3b:

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 likely reasonably calculated to lead to the discovery of admissible evidence. SDG&E further objects on grounds that the request is unduly burdensome and exceeding the scope of permissible discovery under Rule 10.1, of the Commission's Rules of Practice and Procedure and the burden of the request clearly outweighs the likelihood that the information sought will lead to the discovery of admissible evidence.

END OF REQUEST

ATTACHMENT 9: California State Auditor Report, Page 41 Excerpt¹

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have staff dedicated to conducting field investigations to verify whether a utility has performed the activities associated with the costs. However, its approach concerns us because a utility has an incentive to claim costs for projects that are not completed: the utility can boost its revenue.

Different divisions within the CPUC and other state agencies publish reports that may demonstrate whether a utility has completed the work for which it is requesting to recover costs. For example, the Office of Energy Infrastructure Safety (Energy Safety Office) is required by law to approve or deny utilities' wildfire mitigation plans, and it oversees utilities' compliance with wildfire mitigation requirements.¹⁶ A wildfire mitigation plan describes the risks of a utility's electric lines and equipment causing a wildfire in a utility's service area and specifies the actions that the utility will take to reduce those risks. The Energy Safety Office publishes annual compliance assessments that provide a detailed review of the fire risk mitigation activities that each utility has performed and identify areas of noncompliance. When those reports are available at the time of the utility's cost recovery application, the CPUC and Cal Advocates could use them to verify whether the utility completed certain work. Moreover, in the absence of the reports, they could contact the Energy Safety Office to gain further assurance. Finally, the CPUC and Cal Advocates could require utilities to provide evidence, such as photographs of work, to demonstrate that they completed the activities for which they are claiming costs.

When we asked the CPUC and Cal Advocates about taking these approaches, Cal Advocates explained that it may review a utility's supporting documents and work orders and that it may request additional evidence to determine whether the utility has completed projects. In contrast, the CPUC's Energy Division asserted that it is not responsible for verifying a utility's work. CPUC regulations require utilities to certify that any documents provided to the CPUC as testimony or evidence are correct. Thus, it relies on the utilities' certification that the information it has provided is accurate. However, both the CPUC and Cal Advocates agreed that they could strengthen their processes to gain assurance that utilities are actually performing the work for which they are attempting to recover costs. Without verifying—even for a selection of costs—that utilities have performed the activities in question, the CPUC and Cal Advocates risk allowing utilities to recover costs for activities that they did not complete, which are costs that will in turn be passed on to customers.

Moreover, there is risk that a utility may attempt to include activities in a cost recovery application that are the same as those it already included in a general rate case application, thus passing on the same costs to customers twice. For example, vegetation management and tree trimming requirements existed before the current wildfire mitigation plan requirements went into effect. Some utilities have already included those costs in their most recently approved general rate case applications and use balancing accounts to track those costs. However, vegetation management activities are also part of utilities' wildfire mitigation plans. Further, some utilities

¹⁶ Established July 12, 2019, the Energy Safety Office is a separate office under the Natural Resources Agency that approves or denies utilities' Wildfire Mitigation Plans and is required by law to review each utility's compliance with its approved wildfire mitigation plan.

¹ California State Auditor Report 2022-115, Electricity and Natural Gas Rates: The California Public Utilities Commission and Cal Advocates Can Better Ensure That Rate Increases Are Necessary, August 2023, at 41, retrieved from, <https://information.auditor.ca.gov/pdfs/reports/2022-115.pdf>, accessed June 29, 2026.

ATTACHMENT 10: California State Auditor Report, Page 3 Excerpt²

actual rate of return was 9.1 percent during that year. Although SoCal Gas reported lower rates of return than authorized for the two most recent years, it also reported higher rates of return in previous years. The other utilities reported actual rates of return that were generally less than the amount the CPUC had authorized for them. Reviewing how much the utility earned compared to the authorized rate of return and identifying where the utility was able to gain efficiencies should be a critical first step in ensuring that the utility's projected costs were appropriate. However, there is no process to identify the areas in which the utilities achieved cost savings. Thus, it is important that the CPUC institute a process to require utilities to periodically publish actual rate-of-return calculations using a methodology acceptable to the CPUC and Cal Advocates, with supporting data, and require utilities to identify the major cost categories where projected costs exceeded actual costs. The CPUC should then make this information available to Cal Advocates for review.

Further, the CPUC and Cal Advocates could strengthen their processes for verifying whether a utility has actually completed the activities associated with the costs that it requests to recover through a *cost recovery application*. Cost recovery applications are a type of midcycle rate adjustment that utilities can request for some unanticipated costs. For example, in response to a natural disaster, an electric utility might incur additional costs related to restoring power. The law allows the utility to pass this unexpected cost onto customers through rate increases. However, if neither the CPUC nor Cal Advocates strengthens its efforts to verify whether the utility has completed the work in question, such as by performing site visits or by obtaining photographic evidence on a sample basis, they risk allowing the utility to inappropriately recover costs from its customers that it did not, in fact, incur. Nonetheless, neither the CPUC nor Cal Advocates could demonstrate that they have a process in place to consistently verify such costs.

The CPUC also lacks an effective process for ensuring that utility customers are fully informed of the reasons their utility is raising their rates. The CPUC neither clearly and comprehensively communicates the reasons for the cost increases it authorizes at the start of each cycle, nor has it established a mechanism to clearly communicate the reasons for rate increases that utilities seek midcycle. By not providing customers with that information, the CPUC neglects opportunities to improve the public's understanding of why rates are increasing.

The reasonableness of a utility's costs—and ultimately, the reasonableness of the revenue it earns—can be partly evaluated by monitoring a type of account called a *balancing account*. Utilities use balancing accounts to track variable costs—such as the cost of procuring electricity or the cost of wildfire mitigation—that may be difficult to predict and may require midcycle rate adjustments. The CPUC and Cal Advocates review a selection of balancing accounts to ensure that utilities have complied with the terms that the CPUC identified when authorizing the costs or revenues being tracked. This allows them to confirm that a utility's request to adjust rates based on balances in its balancing accounts is appropriate. As of December 2022, the four major energy utilities maintained a total of more than 300 balancing accounts, tracking more than \$16.8 billion in cumulative balances—the difference in actual and authorized costs and revenue collection. Nonetheless, during fiscal years 2019–20 through 2021–22, Cal Advocates annually reviewed between

² California State Auditor Report 2022-115, Electricity and Natural Gas Rates: The California Public Utilities Commission and Cal Advocates Can Better Ensure That Rate Increases Are Necessary, August 2023, at 3, retrieved from, <https://information.auditor.ca.gov/pdfs/reports/2022-115.pdf>, accessed June 29, 2026.

ATTACHMENT 11: Excerpt of SDG&E's Application to Revise its 2024-2031 Energy Efficiency Rolling Portfolio Business Plan³

Exhibit SDG&E-02: Prepared Direct Testimony of Alton Kwok (Update to SDG&E's 4-Year Portfolio Plan)

SDG&E's Portfolio Plan includes program years 2026-2027, instead of 2024-2027, because SDG&E is filing this Application midway into the 4-year cycle.¹⁰ SDG&E's Portfolio Plan describes how SDG&E will continue to use the same metrics as identified in its previous Application as SDG&E discontinues regional programs. SDG&E explains how it will monitor and manage the performance of its portfolio through continuous review of individual local and statewide programs' performance via oversight of its third-party implementers. To manage program and portfolio risks, SDG&E will continue to use a combination of budget to actual variance analyses, key performance indicators (KPI), pay-for-performance compensation design and other contract provisions to gather insight into its third-party program performance during monthly, quarterly, and annual reviews. The pay-for-performance structure and verification of performance will compensate third-party implementers for meeting and exceeding KPIs and metrics, and address performance issues, including underperformance or nonperformance, in a timely manner. SDG&E will continue to support its third-party implementers through contract expiration.

Exhibit SDG&E-03: Prepared Direct Testimony Workpapers of Alton Kwok

Exhibit SDG&E-03 includes prepared direct testimony workpapers associated with SDG&E's Application. SDG&E's prepared direct testimony workpapers utilize the Energy Division's excel template provided for standard Business Plan Applications.

IV. REQUEST AND BILL IMPACT

SDG&E requests the Commission approve the total budget in Column B of Table 1 below. Energy Efficiency programs are subsidized by all customers through the Public Purpose Program (PPP) rates, even though only a small portion of customers directly utilize these programs. If SDG&E's Plan is approved, SDG&E will request approximately \$300 million less to be collected through the PPP rates to support SDG&E's EE portfolio, resulting in bill reductions. SDG&E will annually update the PPP rates via an advice letter. Additionally, in

¹⁰ SDG&E's modeling, as represented in Ex. SDG&E-03 Prepared Direct Testimony Workpapers of Alton Kwok includes modifications for 2025, as compared to SDG&E's True Up Advice Letter 4302-E. See SDG&E AL 4302-E, approved and effective November 15, 2023.

³ A.25-04-014, *Application of San Diego Gas & Electric Company (U 902-M) to Revise its 2024-2031 Energy Efficiency Rolling Portfolio Business Plan*, Apr 25, 2025, at 4.