Application No.: A.26-05-009
Exhibit No.: SDGE-09
Witness: Mindy Guardado

PREPARED REBUTTAL TESTIMONY OF

MINDY GUARDADO

ON BEHALF OF

SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

September 9, 2026

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PREPARED REBUTTAL TESTIMONY OF
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I. PURPOSE AND OVERVIEW

The purpose of this testimony is to address the August 19, 2026, Prepared Direct Testimony of Brian Dickman on behalf of San Diego Community Power ("SDCP") and Clean Energy Alliance ("CEA") (together, the "San Diego CCAs" or "SD CCAs") in the Application for Approval of its 2027 Electric Procurement Revenue Requirement Forecasts, 2027 Electric Sales Forecast, and GHG-Related Forecasts ("Application"). More specifically, my rebuttal testimony addresses the following issues discussed in Mr. Dickman's testimony:

- SDG&E agrees to a version of the SD CCAs proposed modification to the Power Charge Indifference Adjustment ("PCIA") calculation;
- The California Public Utilities Commission ("Commission") should maintain the combined Medium/Large Commercial & Industrial ("C&I") Modified Cost Allocation Methodology ("MCAM") rate; and
- SDG&E has already removed the General Rate Case Memorandum Account ("GRCMA") Amortization from its PCIA rates and an order requiring confirmation of the removal in 2027 Forecast is unnecessary.

SDG&E's failure to address any particular intervenor testimony or individual issue in this rebuttal testimony does not imply agreement by SDG&E with any argument, position, or proposal asserted by the intervenors.

II. SDG&E AGREES TO A VERSION OF THE SD CCAS' MODIFICATION TO THE PCIA CALCULATION

In its Application, SDG&E proposed the 2027 Power Charge Indifference Adjustment ("PCIA") in line with approved methodologies established through prior proceedings and approved Commission decisions.[1] Specifically, SDG&E allocated the PCIA revenue requirements consistent with the factors used to allocate generation costs to bundled customers as required by Decision (D.) 18-10-019.[2] The SD CCAs do not dispute SDG&E's application of the bundled allocation factors as directed by D.18-10-019, however, they state in testimony that using a single set of allocation factors for all vintages does not account for the different class mix of various vintages and therefore does not alleviate disparity in rates for departing load customers relative to their bundled service counterparts "as D.18-10-019 requires."[3] The SD CCAs therefore propose a vintage-specific normalizing adjustment to bundled generation revenue allocation factors.

SDG&E disagrees with the SD CCA's claim that the existing methodology violates D.18-10-019 because SDG&E's PCIA model and methodology have been reviewed in several PCIA and Energy Resource Recovery Account (ERRA) proceedings without findings of non-compliance.

Nevertheless, SDG&E does not object to modifying its methodology to include a vintage-specific normalizing adjustment to the bundled generation revenue allocation factors and believes incorporating this type of adjustment into the PCIA calculation methodology constitutes a natural progression of and refinement to the existing framework which takes into account the increased departed load.

SDG&E requested and reviewed the SD CCA's workpapers and in order to allow for better transition, SDG&E proposes implementing the SD CCA's methodology into the PCIA workbook but with minor changes to the placement, calculation steps, and layout proposed by the SD CCAs. Specifically, SDG&E proposes to calculate the normalization factor as a new, separate section that is vintage-specific then include it as part of the rate calculation, rather than applying the normalization factor directly to the allocated class revenues as the SD CCAs suggest. Using these steps, the resulting rates match the SD CCAs' proposed end rate exactly. SDG&E's proposed layout allows for standardization across the multiple

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[1] Direct Testimony of Mindy Guardado, at MG-15 through MG-20.

[2] D.18-10-019, Ordering Paragraph (OP) 4.

[3] Direct Testimony of Brian Dickman, p.27

PCIA rate components, transparent calculation and ease of formula review, and minimal disruption to the existing structure of the model.

SDG&E believes it is possible to implement the updated methodology for the vintage-specific normalization adjustment to the allocation factors in the 2027 ERRA October Update.

III. THE COMMISSION SHOULD MAINTAIN THE COMBINED MEDIUM/LARGE COMMERCIAL & INDUSTRIAL MCAM RATE AS PROPOSED BY SDG&E

The Commission should maintain the combined Medium/Large Commercial & Industrial MCAM allocation because it is most consistent with the Commission-approved methodology, preserves the relationship between cost and benefit allocation, and avoids introducing uncertainty associated with reconstructing historical customer data. In its Application, SDG&E proposed to update the forecasted 2027 MCAM rates in compliance with D.19-11-016, D.21-06-035, and D.22-05-015. In compliance with D.25-09-006, SDG&E proposed to update the revenue allocation factors based on the historical 12-month coincident peak (12-CP) factors to account for the reclassification of Schedule TOU-M from the Small Commercial class to the Medium/Large C&I class to align the revenue allocation with the forecasted sales. However, SDG&E did not propose to breakout the Medium Commercial 12-CP from the combined the Medium/Large C&I class.[4] In their direct testimony, the SD CCAs recommend that SDG&E update the 12-CP to create Medium Commercial class rates separate from the Large C&I class.[5]

In compliance with D.22-05-015, SDG&E submitted Advice Letter ("AL") 4043-E July 18, 2022, proposing the MCAM revenue requirement be allocated to classes using the same allocation that is applied to the Local Generation Charge (LGC) component which is where other CAM costs are recovered. After several objections from parties, the Commission approved Resolution E-5241. SDG&E understood Resolution E-5241 Ordering Paragraph (OP) 2, which pointed to Conclusion of Law (COL) 8 in D.22-05-015 and states, "The traditional CAM adopted in D.06-07-03 should be modified for purposes of

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[4] Guardado Direct at MG-27.

[5] Dickson Direct, pp.33-34.

developing cost allocation for the opt-out or backstop procurement costs *associated with D.19-11-016 requirements and backstop procurement costs associated with D.21-06-035 requirements*" [emphasis added], to mean that the revenue allocation percent should be based solely on the Opt-Out LSEs for the time period.[6] SDG&E resubmitted the MCAM allocation factors in AL 4151-E, per Resolution E-5241 OP 2, and updated the list of relevant LSEs in AL 4151-E-A to include the update that Solana Energy Alliance customers' portion of costs would be recovered from CEA customers.[7] The SD CCAs point to the merging of Solana Energy Alliance (SEA) and CEA as a change in customer usage that would affect the 12-CP allocation factors as well as the claim that other changes in customer count or load would cause the 12-CP allocation to become "inaccurate" but SDG&E believes that the 12-CP is correct due to A) SDG&E's understanding that the 12-CP allocation factor should be based on *when* the opt-out occurred, and B) SDG&E already acknowledging the opt-out procurement costs SDG&E incurred on behalf of SEA would be recovered from CEA customers.[8] Also, per D.22-05-015 COL 16, the SD CCAs' claim that one energy service provider leaving the market is another reason to count SDG&E's allocation as "inaccurate" is not accurate because "the remaining costs and benefits should be allocated using the traditional CAM and not the MCAM, with costs and benefits shared among all IOU distribution customers" meaning that any costs from the departed energy service provider are not collected from the remaining LSEs through MCAM.[9] Accordingly, that LSE that left the market is not included in the MCAM 12-CP allocation calculation.

Per the above reasons, SDG&E has maintained the revenue allocation based on the 12-CP that was in place when the requirements were issued and the decisions and the percentages were approved by the Commission. Since that time, SDG&E has gone through an approved system upgrade making exact data from customers during that time period difficult to access and split into the newly established class-specific

[6] *See* D.22-05-015 COL 8, p.68.

[7] AL 4151-E/E-A, approved April 17, 2023.

[8] AL 4151-E-A

[9] *See* D.22-05-015 COL 16, p.70.

categories.[10] The other option available to split combined customer data is to review current customer classification and apply that to the customers that were part of the original classes identified as part of the applicable LSEs. SDG&E made an honest effort to approximate the 12-CP specific to a single rate schedule (Schedule TOU-M) in order to match the costs with the benefit allocation, as will be addressed below. As was explained to the SD CCAs, identifying and separating a single rate schedule is less complex than breaking apart multiple rate schedules in order to split customers into the correct bucket (i.e. customers between 2018-2020 and were on Schedule AL-TOU would now have to be moved into either AL-TOU-M or AL-TOU-L).[11] The SD CCAs' concern that their customers are currently billed according to the separated Medium Commercial and Large C&I classes is a minor concern where leaving the Medium Commercial and Large C&I classes combined means that the classes are billed at the same rate, compared to the negative effects of possibly allocating more revenues to one class incorrectly.[12]

In compliance with D. 25-09-006, SDG&E updated Schedule TOU-M's customer class to the newly created Medium Commercial class.[13] As a result of this reclassification, system generated reports automatically include Schedule TOU-M data into the Medium Commercial class including usage reports consisting of recent usage data. These usage reports are used to forecast the upcoming years' projected usage and are directly related to multiple regulatory filings including the Integrated Energy Policy Report (IEPR). The IEPR ultimately influences multiple areas in this Application such as the 2027 Electric Sales Forecast which the forecasted Opt-Out LSE Load is part of D.22-05-015 COL 13 states, "Allocation of benefits associated with backstop procurement must be consistent with allocation of costs through the approved MCAM."[14] Since Schedule TOU-M's 2027 forecasted Opt-Out LSE Load was reclassified from

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[10] *See* D.18-08-008, OP 2, p.20.

[11] Attachment A: *Select SDG&E Responses to SDCP and CEA Data Requests*, DR 4.06.

[12] Dickman Direct, p.33.

[13] *See* D.25-09-006 OP 1.

[14] *See* D.22-05-015 at p.69.

Small Commercial to Medium Commercial, it would be a direct contradiction to D.22-05-015 COL 13 to leave the 12-CP relating to Schedule TOU-M as part of the Small Commercial class because the allocation of costs would remain with the Small Commercial class while the benefits (the forecasted opt-out load) would be allocated to the Medium Commercial and Large C&I combined class.

SDG&E would like to highlight that this rate calculation is a revenue-neutral operation at the overall system level and the issue before the Commission is to ensure that the revenues are collected in a fair manner from the opt-out LSE's ratepayers. SDG&E believes it is highly unlikely that the 12-CP split will exactly match the forecasted sales split meaning separating the Medium Commercial and Large Commercial & Industrial class allocation would more than likely create a situation where one class will pay lower rates and one class will pay higher rates than currently proposed. SDG&E's proposal minimizes the risk of misallocation while preserving consistency with previously approved methodologies and ensuring that impacted customers continue to receive fair treatment.

SDG&E recognizes that the customers impacted by the Commission's decision are LSE-specific customers, including CEA's customers, and only those customers will be impacted by the ultimate decision. However, based on decisions issued by the Commission and limitations of complex historical data, SDG&E believes that maintaining the combined Medium Commercial and Large Commercial & Industrial MCAM allocation is the proper methodology.

IV. SDG&E HAS REMOVED THE GRCMA FROM RATES THEREFORE AN ORDER REQUIRING CONFIRMATION BY THE COMMISSION IS UNNECESSARY

The SD CCAs' request is unnecessary because SDG&E has already removed the GRCMA from rates effective August 1, 2026.

In its Application, SDG&E included the authorized General Rate Case Memorandum Account ("GRCMA") balance in the calculation of the PCIA rate calculation as approved with Ordering Paragraph ("OP") 5 of D.24-12-074 because it was already included in the then-effective rates.[15] SDG&E noted in

[15] Guardado Direct at MG-21.

prepared testimony that the GRCMA was scheduled to be removed from rates in August 2026 and that the roll-off would be reflected in the October Update.[16] As further acknowledged in discovery, SDG&E confirmed again that $29.0 million related to GRCMA revenue requirement collected through the approved Portfolio Allocation Balancing Account ("PABA") was included in the calculation of PCIA rates in the May filing of the Application but repeated its intention to remove the GRCMA revenue requirement from rates beginning August 1, 2026, in line with the approved timeline in OP 5 of D.24-12-074.[17] SDG&E submitted AL 4868-E officially removing the GRCMA revenue requirement from bundled and departed load rates effective August 1, 2026.[18] As part of AL 4868-E, SDG&E included evidence of the GRCMA revenue requirement removal within the advice letter as well as the included attachments.[19, 20] Finally, in line with prior October Update filings in prior Applications, SDG&E will follow Commission direction to provide both clean and redline versions of updated direct testimony where the redline version will clearly highlight any changes, including the removal of the GRCMA revenue requirement, compared to testimony delivered in the initial May filing.

The SD CCAs do not propose in their testimony that SDG&E misrepresented any intention to retain the GRCMA in rates past the August 1, 2026, rate change but still recommend that the Commission direct SDG&E to demonstrate that the GRCMA has been removed from the 2027 PCIA forecast in the October update to the Application.[21]

Due to SDG&E's clearly communicated intentions to remove the GRCMA in testimony and discovery responses, publicly provided evidence including Commission approved rates proving the

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[16] *Id.*at MG-21.

[17] Dickman Direct, at DR 2.50.

[18] Advice Letter 4868-E, approved August 28, 2026.

[19] AL 4868-E Attachment B, p.12 Line Numbers 61 through 63.

[20] AL 4868-E Attachment C Schedule DA-CRS and Schedule CCA-CRS, pp.108 through 112.

[21] Dickman Direct, pp.34 through 35.

GRCMA has been removed from rates effective August 1, 2026, and historical compliance with Commission direction to provide redline testimony, SDG&E believes further direction to provide evidence is redundant and unnecessary and the Commission should disregard the SD CCAs' request.

V. CONCLUSION

This concludes my prepared rebuttal testimony.

VI. QUALIFICATIONS OF MINDY GUARDADO

My name is Mindy Guardado and I am a Rates Lead in the Rate Strategy & Design group in the Customer Pricing Department of San Diego Gas & Electric Company. My business address is 8330 Century Park Court, San Diego, California 92123.

I have been a part of the Customer Pricing Department since March 2022. In my current role, one of my responsibilities is to analyze and develop rate design for SDG&E in proceedings before the Commission. I began work at SDG&E in 2019 and have held various positions with increasing levels of responsibility within the Sempra Energy family of companies.

I received a Bachelor of Science degree in Business Administration with an emphasis in Accounting from California State University, San Marcos in 2019.

I have previously submitted testimony before the California Public Utilities Commission and the Federal Energy Regulatory Commission.

Attachment A

Select SDG&E Responses to SDCP and CEA Data Requests, DR 4.06

SDCP/CEA to SDG&E 4.06:

Referring to SDG&E's responses to SDCP/CEA DRs 3.08 and 3.10: Please explain why it is appropriate to reduce the 12 CP factors for Small Commercial by transferring customers on Schedule TOUM, but it is not appropriate to reflect Medium Commercial customers as a separate class.

SDG&E Response to Question 4.06:

SDG&E reduced the Small Commercial 12-CP factors to align the allocation percentages with the updated Opt-Out load forecast. Since TOU-M was reclassified in SDG&E's system to the Medium Commercial class, it would be inappropriate to continue to collect those costs from the Small Commercial class when the Opt-Out load was combined into the Medium/Large Commercial & Industrial (C&I) determinants. D.22-05-015 COL 13 states, "Allocation of benefits associated with backstop procurement must be consistent with allocation of costs through the approved MCAM."[1] TOU-M is now automatically grouped into the Medium Commercial class and subsequently the combined MCAM Medium/Large C&I class. While including TOU-M customers in the Small Commercial class would have created a mismatch between the 12-CP factors and the forecasted opt-out LSE sales, this issue does not exist when keeping the Medium Commercial customers combined with Large C&I, as both the 12-CP factors and the forecasted opt-out LSE sales reflect the combined classes. Additionally, the movement of an entire rate schedule (TOU-M) is less complex than that of splitting customers into the correct bucket (i.e. customers between 2018-2020 and were on Schedule AL-TOU would now have to be moved into either AL-TOU-M or AL-TOU-L).

Since Medium Commercial and Large C&I classes were combined when D.22-05-015 was issued, SDG&E believes it is appropriate to allocate the costs in the same manner as approved with AL 4151-E/E-A because the allocation of benefits associated with backstop procurement will be consistent with the allocation of costs from the time of the approved allocations. Since the cost allocation is based on historical data, and while SDG&E believes it may be possible to separate the newly implemented Medium Commercial class 12-CP from the total Medium/Large Commercial & Industrial (C&I) 12-CP by today's definition, SDG&E cannot confirm it would be an accurate representation of the split for the time the costs were incurred since it would require going into historical data and retroactively applying current definitions that were not established at the time to historical data.

SDG&E maintains since the Medium Commercial class was combined with the Large Commercial & Industrial class at the time D.22-05-015 was approved, it is reasonable that the Medium Commercial class rate should continue to use the combined Medium/Large Commercial

[1] D.22-05-015 at p. 69.