

Application No.: A.26-05-XXX
Exhibit No.: SDGE-3
Witness: LaRee Felan

PREPARED DIRECT TESTIMONY OF
LAREE FELAN
ON BEHALF OF
SAN DIEGO GAS & ELECTRIC COMPANY

*****REDACTED, PUBLIC VERSION*****

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



May 15, 2026

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1 **II. ERRA, TCBA, CTC AND LGBA BACKGROUND**

2 Pursuant to California Public Utilities Commission (“Commission”) Decisions (“D.”) 02-
3 10-062 and D.02-12-074, the purpose of the ERRA balancing account is to provide full recovery
4 of SDG&E’s energy procurement costs associated with serving SDG&E’s bundled service
5 customers. Energy procurement costs include expenses associated with the California
6 Independent System Operator (“CAISO”) such as energy and ancillary services load charges,
7 contract costs, CAISO-related costs, and hedging costs. The ERRA records revenues from
8 SDG&E’s Electric Energy Commodity Cost (“EECC”) rate schedule, adjusted to exclude
9 commodity revenues assigned to the Non-Fuel Generation Balancing Account (“NGBA”),¹ and
10 other Commission approved adjustments.

11 The purpose of the TCBA is to accrue all CTC revenues and recover all CTC-eligible
12 generation-related costs. Pursuant to D.02-12-074 and D.02-11-022, payments to Qualifying
13 Facilities (“QFs”) that are above the market benchmark proxy are charged to the TCBA. Eligible
14 CTC expenses reflect the difference between the market proxy and the contract price of costs
15 associated with certain QF contracts. In A.24-05-010, SDG&E updated the cost recovery
16 methodology to discontinue the market benchmark proxy for SDG&E’s CTC-eligible resources.
17 The change involved using actual CAISO revenues as the market value of SDGE’s two remaining
18 CTC contracts for calculating the amount of contract costs to be recovered in ERRA, which may
19 prevent any under/overcollections in ERRA that resulted from the prior CTC cost recovery
20 mechanism. Additionally, this keeps in line with the goal of preventing cost shifts between groups
21 of customers.

22 The purpose of the LGBA is to record the revenues and costs of generation and other
23 energy sources where the Commission has determined that the resource is subject to the Cost

¹ In compliance with D.03-12-063, the NGBA became effective January 1, 2004.

1 Allocation Mechanism (“CAM”). Such generation may take the form of purchase power
 2 agreements, company-owned generation units associated with new generation resources, and any
 3 other resources approved by the Commission for CAM treatment.

4 **III. 2027 ERRA, CTC, AND LG REVENUE REQUIREMENT FORECASTS**

5 As shown in Table 1 below, SDG&E’s 2027 ERRA revenue requirement forecast is
 6 \$379.307 million, including forecasted GHG costs.² The direct testimony of SDG&E witness Mr.
 7 Jimmy Elias provides a detailed discussion of the GHG costs.

8 **TABLE 1**
 9 **ERRA REVENUE REQUIREMENT**
 10 **(\$Millions of Dollars)**

No.	Component	2027 ³ Forecast	2026 May Filing Forecast	Change from Prior Year
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.	TOTAL	379.307	482.919	(103.612)

11 The forecasted cost components set forth in the line items contained in Table 1 above, and
 12 the reasons for the \$103.612 million decrease in the 2027 ERRA revenue requirement forecast – as
 13 compared to the 2026 ERRA revenue requirement (as submitted in the 2026 Forecast) – are
 14 addressed in Mr. Elias’s testimony.
 15

² All figures in this testimony exclude Franchise Fees and Uncollectibles (“FF&U”).

³ Totals may differ due to rounding when compared to the workpapers.

1 As shown in Table 2 below, SDG&E's 2027 CTC revenue requirement forecast is \$0.137
2 million.

3 **TABLE 2**
4 **CTC REVENUE REQUIREMENT**
5 **(\$Millions of Dollars)**

No.	Component	2027 ⁴ Forecast	2026 May Filing	Change from Prior Year
1.	QF Contracts	0.137	0.512	(0.375)
2.	TOTAL	0.137	0.512	(0.375)

6 As mentioned in my testimony above, SDG&E adopted a new cost recovery methodology
7 for CTC-eligible resources in the 2025 ERRR Forecast proceeding. CTC-eligible purchase power
8 contract expenses are recorded to the ERRR up to the forecasted market value of the contract as
9 represented by the forecasted CAISO revenues. The difference between the actual contract price
10 and the forecasted CAISO revenues is included in the 2027 CTC forecast. Actual costs recorded
11 to the ERRR and TCBA balancing accounts in 2027 will use actual CAISO revenues received.

12 As shown in Table 3 below, SDG&E's 2027 Local Generation Balancing Account
13 ("LGBA") revenue requirement forecast is \$285.430 million. The increase in the LGBA revenue
14 requirement is attributed to energy storage growth due to the addition of new assets (i.e., Fallbrook
15 2.0, Westside Canal, Santee BESS). Additional detail of LGBA costs is provided in the direct
16 testimony of SDG&E witness Mr. Jimmy Elias.
17
18

⁴ Totals may differ due to rounding when compared to the workpapers.

TABLE 3
LGBA REVENUE REQUIREMENT
(\$Millions of Dollars)

No.	Component	2027 ⁵ Forecast	2026 May Filing	Change from Prior Year
1.	Combined Heat & Power			
2.	Energy Storage			
3.	Peakers & Resource Adequacy			
4.	Local Generation GHG			
5.	CAM portion of MCAM			
6.	TOTAL⁶	285.430	202.747	82.683

The LGBA was authorized in D.13-03-029. The LGBA records the LG costs, and the revenues received from SDG&E’s LG rate. On a monthly basis, the LGBA compares the LG costs with the revenues received. Interest is applied to any over- or under-collected balance at the three-month Commercial Paper rate. The LGBA utilizes sub-accounts for each generation resource. In addition, D.21-05-004 was approved on May 6, 2021, clarifying direct GHG costs of a resource are appropriately recorded in the balancing account to which cost recovery of the underlying resource is approved. In accordance with the decision SDG&E has included GHG costs in the 2027 Forecast for LGBA.

IV. REQUEST TO RECOVER PROJECTED YEAR-END 2026 LGBA BALANCE

In this application, SDG&E requests recovery of the projected 2026 year-end balance recorded to LGBA of (\$34.020)⁷ million. This request is made pursuant to Resolution E-5217, which directs the IOUs to update projected year-end balances for each of its Regulatory Accounts

⁵ Totals may differ due to rounding when compared to the workpapers.

⁶ Sums may not equal due to rounding.

⁷ The 2026 year-end forecasted LGBA amount shown in this testimony captures ITCs for one eligible unit for Fallbrook 2.0.. *The 2026 year-end forecasted LGBA balance includes Investment Tax Credits (ITCs) associated with eligible energy storage facilities with finalized amounts. ITCs related to the Fallbrook 2.0 project are excluded from rates at this time.* Totals may differ due to rounding when compared to the workpapers.

1 in its annual year-end Consolidated.⁸ Therefore, SDG&E requests that the Commission authorize
2 this sum to be included in its year-end Consolidated Electric Rate Change.

3 **V. INVESTMENT TAX CREDITS**

4 In August 2022, the United States congress passed the Inflation Reduction Act (IRA)
5 which included Investment Tax Credits (“ITCs”) for renewable energy infrastructure, including
6 standalone energy storage technology. SDG&E has two energy storage projects that came online
7 in 2025 (Westside Canal 2.0 and Santee BESS), and one energy storage unit expected to come
8 online in 2026 (Fallbrook 2.0) that are eligible for these credits. SDG&E is eligible to claim the
9 ITCs on these projects on its 2026 and 2027 federal tax returns, which are expected to be filed in
10 October of each year. SDG&E intends to provide these benefits to customers via a reduction to
11 the cost recovery account that corresponds to the capital projects, after the final amounts of the
12 ITCs are determined at the time of filing the federal tax return. For the 2025 eligible units,
13 SDG&E recorded estimated tax credits of \$121.763⁹ million in the 2025 year-end LGBA
14 balancing account. In the 2025 year-end LGBA forecast, as indicated in A.25-05-012, three units
15 were originally expected to come online in 2025. However, one project was delayed (Fallbrook
16 2.0), and is now expected to come online in 2026. The estimated tax credits for Fallbrook 2.0
17 have been updated to reflect \$38.781 million recorded in the 2026 year-end LGBA forecast. The
18 treatment of tax credits in customer rates is further discussed in the testimony of SDG&E witness
19 Ms. Guardado.

⁸ Resolution E-5217 at Ordering Paragraph (“OP”) 3.

⁹ Final ITCs for 2025 eligible units (Santee BESS and Westside Canal 2.0) will be available in the October Update when 2025 tax returns are filed. The October Update will include adjustments in the 2026 year-end LGBA Forecast, if applicable, compared to what was originally estimated and recorded in the 2025 year-end LGBA balancing account (\$121.763 million).

1 **VI. COMPARISON OF 2025 RECORDED VS ACTUAL YEAR-END BALANCES IN**
2 **GHG BALANCING ACCOUNTS**

3 In accordance with Finding of Fact 13 of D.14-10-033, utilities must reconcile forecast
4 amounts with recorded amounts until all actuals are available for the forecast year. Consistent
5 with this methodology, SDG&E provides a comparison of the 2025 year-end recorded/forecasted
6 balances with the 2025 year-end actual balances in three GHG balancing accounts in Table 4
7 below. More specifically, (1) GHG allowance revenues are recorded in the GHG Revenue
8 Balancing Account (“GHGRBA”); (2) expenses are recorded in the GHG Customer Outreach and
9 Education Memorandum Account (“GHGCOEMA”); and (3) expenses are recorded in the GHG
10 Administrative Costs Memorandum Account (“GHGACMA”).

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**TABLE 4
COMPARISON OF 2025 RECORDED VS ACTUAL YEAR-END BALANCES IN GHG
BALANCING ACCOUNTS**

Line	Description	2025 Recorded ¹ (\$)	2025 Actual (\$)	Difference
	(1) GHGRBA			
1	Beginning Balance 1/1/2025	(314,982)	(314,982)	-
2	Allowance Revenue	(198,958,067)	(173,849,170)	25,108,897
3	Revenue returned to customers	247,109,897	247,906,758	796,860
4	Franchise Fees and Uncollectibles	(3,037,059)	(3,121,701)	(84,642)
5	Transfer to GHGCOEMA and GHGACMA ²	-	-	-
6	Allowance Set Aside for Multi-Family Program ³	-	-	-
7	Allowance Set Aside for DAC-SASH ⁴	-	-	-
8	Transfer from CSGTBA ⁵		-	-
9	Transfer to DACGTBA ⁵		-	-
10	Interest	1,899,544	1,511,155	(388,390)
11	Ending Balance 12/31/2025	46,699,334	72,132,059	25,432,725
	(2) GHGCOEMA			
12	Beginning Balance 1/1/2025	(38,923)	(38,923)	-
13	Transfer from GHGRBA ²	-	-	-
14	Expenses	15,907	(1,072)	(16,980)
15	Interest	(1,630)	(1,736)	(106)
16	Ending Balance 12/31/2025	(24,616)	(41,732)	(17,086)
	(3) GHGACMA			
17	Beginning Balance 1/1/2025	(36,182)	(36,182)	-
18	Transfer from GHGRBA ²	-	-	-
19	Expenses	14,642	28,403	13,761
20	Interest	(1,162)	(1,025)	137
21	Ending Balance 12/31/2025	(22,701)	(8,803)	13,898

¹ Per A.25-05-012 (2026 ERRA Forecast Update October 14, 2025) Attachment G. Template D-1: Annual Allowance Revenue Receipts and Customer Returns; and Template D-3: Detail of Outreach and Administrative Expenses. Recorded amounts represent actual recorded activity from January through August 2025 and forecasted amounts from September through December 2025.

² The 2025 GHGCOEMA and GHGACMA funding transfers from GHGRBA were approved and recorded in December 2024, per D.24-12-040.

³ The 2025 SOMAHBA funding and True-up transfer from GHGRBA was approved and recorded in December 2024, per D.24-12-040.

⁴The 2025 DAC-SASH funding transfer from GHGRBA was approved and recorded in December 2024, per D.24-12-040.

⁵Pursuant to D. 24-05-065 and AL 4522-E (9/27/24), the CSGTBA was closed in 2024, and its balance was transferred to DACGTBA. SDG&E has ceased procurement activities for DACGTBA but continues to support and share the costs of the evaluation of DAC-GT on a regular schedule.

1 **VII. GREEN TARIFF SHARED RENEWABLE BALANCING ACCOUNT (GTSRBA)**

2 Per D.15-01-051, SDG&E established the GTSRBA¹⁰ to record the difference between the
3 revenues collected from individual customers electing to participate in the GTSR program and the
4 incremental costs incurred to serve customers participating in that program. The GTSR program
5 consists of both a Green Tariff (“GT”) component and an Enhanced Community Renewables
6 (“ECR”) component which are recorded in separate subaccounts within the GTSRBA. SDG&E’s
7 GTSR program (SDG&E branded as “EcoChoice”) began in 2016 and recorded activity through
8 2022, as described in SDG&E’s Annual GTSR Program Progress Report filed on March 15, 2023
9 (A.12-01-008).

10 On August 25, 2022, the CPUC issued a ruling in its Application A.22-05-023 which
11 suspended SDG&E’s EcoChoice program.¹¹ Due to the suspension, SDG&E is not requesting
12 2027 revenue requirement for GTSRBA. As of December 2025, the balance in GTSRBA is
13 \$3.151¹² million. SDG&E is not requesting recovery of this balance in GTSRBA in this
14 proceeding at this time. The recovery of the GTSRBA ending balance is awaiting a decision in the
15 2023 ERRR Compliance Proceeding A.24-06-001.

¹⁰ See SDG&E Advice Letter (“AL”) 2889-E, approved June 23, 2016 and effective May 28, 2016.

¹¹ A.22-05-023, Administrative Law Judge’s Ruling Granting Request for Green Tariff Suspension (August 25, 2022) at OP 1.

¹² Totals may differ due to rounding when compared to the workpapers.

1 **VIII. TREE MORTALITY NON-BYPASSABLE CHARGE BALANCING ACCOUNT**
2 **(TMNBCBA)**

3 Per D.18-12-003, SDG&E’s AL 3343-E established the TMNBCBA to record the tree
4 mortality related procurement costs.¹³ As noted in D.18-12-003 at OP 9, the TMNBCBA cost will
5 be recovered through the public purpose programs (“PPP”) charge.

6 As shown in Table 5 below, SDG&E’s 2027 TMNBCA revenue requirement forecast is
7 [REDACTED] million, which is described in the testimony of Mr. Elias.

8 **TABLE 5**
9 **TMNBCA REVENUE REQUIREMENT**
10 **(\$Millions of Dollars)**

No.	Component	2027 ¹⁴ Forecast	2026 May Filing	Change from Prior Year
1.	Contract Costs	[REDACTED]		
2.	CAISO Revenues			
3.	Renewable Energy Credits Sales Revenues			
4.	Resource Adequacy Sales Revenues			
5.	TOTAL			

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12 **IX. SOLAR ON MULTIFAMILY AFFORDABLE HOUSING (SOMAH) PROGRAM**

13 D.17-12-022, OP 4, at 69, states that the IOUs “each shall reserve 10% of the proceeds
14 from the sale of greenhouse gas allowances defined in Public Utilities Code Section 748.5 through
15 its annual ERRA proceedings for use in the Solar on Multifamily Affordable Housing Program,
16 starting with its ongoing 2018 ERRA forecast proceeding.” D.20-04-012 and SB 92 continue the
17 authorization of funds allocated to the SOMAH program through June 30, 2026.

18 In D.22-09-009, the Commission approved the petition to modify D.17-12-022 and D.20-
19 04-012 to simplify the process for forecasting and setting aside funding for the SOMAH Program.

¹³ Two supplemental ALs were filed for AL 3343-E. AL 3343-E-A was submitted on April 19, 2019 and approved on July 19, 2019 with a July 2, 2019 effective date. AL 3343-E-B was submitted on May 31, 2019, approved on July 19, 2019 with an effective date of July 2, 2019.

¹⁴ Totals may differ due to rounding when compared to the workpapers.

D.22-09-009 requires the SOMAH values be substantiated to show that the combined budget of all the utilities named in the decision is equal to or more than \$1 billion.

Pursuant to D.22-09-009, SDG&E presents the following Table 6 below which reflects that combined utility budgets.

TABLE 6 - COMBINED IOU GHG PROCEEDS TO DETERMINE SOMAH SHARE METHODOLOGY

Line No.	IOU	2025 Recorded GHG Proceeds	Proportion of Total Proceeds	Share of \$100M	Previously Approved Set-Aside in 2025 ERRRA Proceeding	Difference
		(\$000)		(\$000)	(\$000)	(\$000)
1	SCE	\$635,585	44.76%	\$44,755	\$46,528	\$1,773
2	PG&E	\$591,119	41.62%	\$41,625	\$39,757	(\$1,868)
3	SDG&E	\$173,849	12.24%	\$12,242	\$12,016	(\$226)
4	Liberty	\$4,980	0.35%	\$351	\$25	(\$326)
5	PacifiCorp	\$14,587	1.03%	\$1,027	\$1,299	\$272
6	Total	\$1,420,120	100.00%	\$100,000	\$99,625	(\$375)

Because the combined IOU GHG proceeds exceed an estimated \$100 million (Difference = \$0.375 million), SDG&E utilized the set percentage adopted in D.22-09-009, Table 6 to set aside its SOMAH program funding from GHG proceeds for 2025 of \$12.016 million.

A. 2026 SOMAH Program Funding True-Up

D.20-04-012 directs each utility to provide a table showing how they reached the balance of their SOMAH prior year true-up stating:

Each utility shall include a true-up of the prior year’s authorized SOMAH set-aside amount, listed separately from the forecast year amount, in their applicable November update filings. This true-up will compare the prior year’s SOMAH set-aside to actual (i.e., not forecast) auction revenues, and adjust the total forecast amount to reflect actual auction revenues. The true-up information shall be presented in a table in the same format as the untitled table in D.20-02-047 at page 20.¹⁵

¹⁵ D.20-04-012 at 10.

1 Accordingly, SDG&E presents the following Table 7, below, which reflects SDG&E's
 2 true-up of the prior year's authorized SOMAH set-aside amount:

TABLE 7 - SOMAH RECONCILIATION¹⁶					
Calendar Year ERRA Forecast	Recorded GHG Allowance Revenues	Set-Aside Based On 10% of Recorded GHG Allowance Revenue or the Proportionate Amount of \$100M	Previously Approved "Actual" Set-Aside	Difference (Actual Less Set-Aside Requirement)	
2016 ¹	\$40,779,160	\$4,077,916	\$4,077,916	\$0	
2017 ²	\$92,539,677	\$9,253,968	\$9,253,968	\$0	
2018 ³	\$93,727,555	\$9,372,756	\$9,372,756	\$0	
2019 ⁴	\$104,156,909	\$10,415,691	\$10,415,691	\$0	
2020 ⁵	\$104,691,923	\$10,469,192	\$10,469,192	\$0	
2020 ⁶	\$161,825,842	\$14,517,611	\$14,517,611	\$0	
2022 ⁷	\$189,236,214	\$13,549,896	\$20,792,102	\$7,242,206	
2023 ⁸	\$214,387,613	\$13,630,635	\$12,015,972	(\$1,614,663)	
2024 ⁹	\$223,553,623	\$13,599,894	\$12,015,972	(\$1,583,922)	
2025 ¹⁰	\$173,849,170	\$12,241,861	\$12,015,972	(\$225,889)	
Total	\$1,398,747,686	\$111,129,420	\$114,947,152	\$3,817,732	
	¹ \$4,077,916 set-aside for 2016 ERRA approved in D.20-01-005.				
	² \$9,253,968 set-aside for 2017 ERRA approved in D.20-01-005.				
	³ \$10,300,000 set-aside for 2018 ERRA approved in D.17-12-014; - \$927,245 true-up for 2018 approved in D.20-01-005.				
	⁴ \$10,115,640 set-aside for 2019 ERRA approved in D.18-12-016; \$199,565 true-up for 2019 approved in D.20-01-005; \$100,486 true-up for 2019 approved in D.21-01-017.				
	⁵ \$5,618,639 set-aside for 2020 approved in D.20-01-005; \$5,820,202 true-up for Jul-Dec 2020 approved in D.21-01-017; -\$760,623 true-up for Jan-Jun 2020 approved in D.21-01-017; -\$209,026 true-up for Oct-Dec 2020 approved in D.21-12-040.				
	⁶ \$11,583,644 set-aside for 2021 approved in D.21-01-017; \$2,933,967 true-up for 2021 approved in D.22-12-042.				
	⁷ \$19,440,352 set-aside for 2022 SOMAH was approved in D.21-12-040. An additional \$1,351,750 was incorrectly set aside in 2023 for 2022 SOMAH and approved in D.23-12-021, making the total 2022 SOMAH				

¹⁶ SDG&E submitted Table 7 to correspond to the SOMAH Program Funding True-up for 2025 in the Supplemental GHG Advice Letter 4807-E. Excludes FF&U. SDG&E will file an amendment to correct errors identified in Supplemental GHG Advice Letter 4807-E.

	set aside \$20,792,102. A true-up of -\$7,242,206 was approved in D.24-12-040 to correct the 2022 SOMAH true-up.	
	⁸ \$12,015,972 set-aside for 2023 approved in D.22-12-042. The \$1,614,663 true-up was approved in D.24-12-040.	
	⁹ \$12,015,972 set-aside for 2024 approved in D.23-12-021. The \$1,583,922 true-up was approved in D.25-12-008.	
	¹⁰ \$12,015,972 set-aside for 2025 approved in D.24-12-040. The \$225,889 true-up will be set aside in A.26-05-XXX.	

1
2 **X. DAC-SASHBA**

3 The purpose of the DAC-SASHBA is to balance allocated GHG allowance revenues and
4 program costs. The DAC-SASH Balancing Account was established in 2019 in D.18-06-027 and
5 Advice Letter 3410-E. D.18-06-027 at OP 8 states that the DAC-SASH program will be funded
6 with GHG allowance proceeds if available and recovered through the PPP mechanism if GHG
7 allowance proceeds are unavailable.

8 As noted in AB 1207, the requirement for LSEs to allocate 15% of GHG allowance
9 revenues to DAC-SASH and DAC-GT programs ends July 1, 2026. SDG&E is requesting zero
10 funding for the DAC-SASH program, as existing funding levels are sufficient to sustain the
11 program through 2030. SDG&E is currently awaiting final Commission authorization regarding
12 the allowable use of funds in the balancing account. Should the Commission determine that the
13 remaining balances cannot be utilized, SDG&E reserves the right to recover any additional
14 funding through the public purpose programs (“PPP”) charge.

15 **XI. PORTFOLIO ALLOCATION BALANCING ACCOUNT (PABA)**

16 Pursuant to D.18-10-019 and Advice Letter 3318-E,¹⁷ the purpose of the PABA is to
17 record the “above-market” costs and revenues associated with all generation resources that are
18 eligible for cost recovery through the PCIA rates, including SDG&E’s Utility-Owned Generation

¹⁷ See SDG&E AL 3318-E, filed on December 10, 2018, approved on May 30, 2019 and effective January 1, 2019.

1 (“UOG”). Costs recorded in each vintage subaccount will include, but are not limited to, fuel,
 2 GHG costs, third party power purchase contracts costs, and UOG’s revenue requirement.

3 SDG&E’s 2027 PABA revenue requirement forecast includes the fuel costs for its electric
 4 generation facilities, including Miramar Energy Facility I (“Miramar I”), Miramar Energy Facility
 5 II (“Miramar II”), Palomar Energy Center (“Palomar”), Desert Star Energy Center (“Desert Star”),
 6 and the Cuyamaca Peak Energy Plant (“Cuyamaca”). The actual fuel costs of Miramar I, Miramar
 7 II, Palomar, Desert Star, and Cuyamaca are recorded in the PABA for recovery through
 8 commodity rates.

9 **TABLE 8**
 10 **PABA REVENUE REQUIREMENT**
 11 **(\$Millions of Dollars)**

No.	Component	2027 Forecast ¹⁸	2026 May Filing	Change from Prior Year
1.	Supply ISO Revenues			
2.	Contract Costs (non-CTC)			
3.	Generation Fuel			
4.	GHG Costs			
5.	TOTAL	137.836	(205.066)	342.902

12 As Table 8 indicates, SDG&E’s 2027 PABA revenue requirement forecast is \$137.836
 13 million.¹⁹ In addition, D.19-10-001 authorized the recovery of the PABA prior year-end balance
 14 to be recovered through the ERRA Forecast filing. SDG&E requests recovery of the projected
 15 2026 year-end balances recorded to PABA of \$144.783 million, as shown in SDG&E witness Ms.
 16 Sheri Miller’s testimony workpapers. The proposed 2026 PABA year-end balance is projected
 17 based on three months of actuals (January through March of 2026) and nine months of forecasted
 18

¹⁸ Table 8 does not include the 2026 Year End Forecasted PABA balance of \$144.783 million, as shown in Attachment C in Ms. Miller’s testimony.

¹⁹ The PABA revenue requirement figure in this testimony differs from that presented in the direct testimony of SDG&E witness Ms. Guardado because the PABA revenue requirement in this testimony does not include the above-market costs of utility owned generation (UOG) that will be transferred to PABA. UOG costs are approved in SDG&E’s GRC proceedings and therefore SDG&E is not requesting any changes to the total UOG costs in this ERRA Forecast Application.

1 expenses and revenues. The forecasted year-end balance will be updated in SDG&E's October
2 Update filing and will include actual recorded entries from January through August. Furthermore,
3 the PABA year-end balance will be updated in SDG&E's annual year-end process pursuant to
4 Resolution E-5217.

5 Pursuant to D.22-01-023, SDG&E shall transfer the 2026 ending balance of ERRA to the
6 most recent subaccount of PABA. The projected 2026 year-end balance of ERRA is (\$45.010)
7 million and will be updated in SDG&E's October Update filing as well as SDG&E's annual year-
8 end process pursuant to Resolution E-5217.

9 **XII. MODIFIED COST ALLOCATION MECHANISM BALANCING ACCOUNT**
10 **(MCAMBA)**

11 In D.19-11-016, the Commission required the IOUs to procure additional generation
12 capacity on behalf of other load-serving entities ("LSEs") in their service territories that elected to
13 opt-out of self-procurement ("opt out procurement") or failed to acquire their share of the required
14 capacity after electing self-procurement ("backstop procurement"). Please refer to Ms.
15 Guardado's testimony for required LSE's procurement in greater detail.

16 Pursuant to D.22-05-015 and Advice Letter 4043-E,²⁰ the purpose of MCAMBA is to
17 record the net costs related with the procurement of energy resources by SDG&E incurred on
18 behalf of certain LSEs in the following circumstances: (1) opt-out procurement-related costs,
19 including incremental administrative costs for customers of LSEs that have opted out of self-
20 procurement; (2) backstop procurement-related costs, including incremental administrative costs
21 for customers of LSEs that fail to provide the capacity required by D.19-11-016 and/or D.21-06-
22 035; and (3) opt-out LSEs that have left the market and no longer serve customers.

²⁰ See SDG&E AL 4043-E, filed on July 18, 2022, approved January 25, 2023 and effective on January 12, 2023.

On January 12, 2023, the Commission issued Resolution E-5241 approving SDG&E’s cost recovery to implement MCAM.²¹ As such, in 2023 SDG&E implemented its MCAM balancing account and transferred the costs from Resource Adequacy Procurement Memorandum Account (“RAPMA”) to this account.²²

As shown in Table 9 below, SDG&E’s 2027 MCAMBA revenue requirement forecast is \$0.364 million.

**TABLE 9
MCAMBA REVENUE REQUIREMENT
(\$Millions of Dollars)**

No.	Component	2027 ²³ Forecast	2026 May Filing	Change from Prior Year
1.	Load ISO Charges			
2.	Supply ISO Revenues			
3.	Contract Costs (non-CTC)			
4.	RA Sales			
5.	TOTAL	0.364	0.076	0.288

XIII. BIOMAT NON-BYPASSABLE CHARGE BALANCING ACCOUNT (BNBCBA)

Pursuant to D.20-08-043, the purpose of the BNBCBA is to provide full recovery of the net costs of the Bioenergy Market Adjusting Tariff (“BioMAT”) procurement costs for the BioMAT program. D.20-08-043 imposes a non-bypassable charge (“NBC”) on all customers in each IOUs’ service territory. The revenues from this NBC and the net costs of the BioMAT contracts shall be recorded in the BNBCBA.

The IOUs are required to retain the BioMAT contract Resource Adequacy (“RA”) and Renewable Portfolio Standard (RPS) attributes for bundled customer compliance requirements per Public Utilities Code Section 399.20(h) and (i). The BNBCBA shall therefore reflect credits for

²¹ Resolution E-5241 at OP 1.

²² See Resolution E-5117. RAPMA is an interim memorandum account that existed to record costs until the MCAMBA was created and approved in D.22-05-015.

²³ Totals may differ due to rounding when compared to the workpapers.

1 the market value of these attributes, which will be calculated using the latest Commission
2 approved market price benchmarks that are provided by Energy Division annually as part of the
3 Power Charge Indifference Adjustment regulatory process.

4 Consistent with the Commission's authorization to recover the actual costs of BioMAT
5 contract procurement, the BNBCBA records all BioMAT-related procurement costs, including
6 power purchase agreement payments, energy revenues, RA and RPS attributes, and administrative
7 costs that are directly associated with executing and administering BioMAT contracts.

8 Pursuant to D.23-11-084, each Community Choice Aggregator's BioMAT program costs,
9 net of Resource Adequacy and Renewable Portfolio Standard attribute costs, will be recovered
10 from customers through SDG&E's NBC included in PPP rates. BioMAT program costs,
11 including administrative costs associated with BioMAT contract procurement of \$0.085 million,
12 have been recorded in the BNBCBA. Upon Commission approval, the BNBCBA balance will be
13 included for recovery in SDG&E's Electric PPP rates.

14 **XIV. SUMMARY**

15 My testimony presents and requests the Commission's approval of the following revenue
16 requirements for which SDG&E seeks recovery in this application:

- 17 • the 2027 ERRA revenue requirement forecast of \$379.307 million (which
18 includes forecasted GHG costs);
- 19 • the 2027 CTC revenue requirement forecast of \$0.137 million;
- 20 • the 2027 LGBA revenue requirement forecast of \$285.430 million;
- 21 • the 2027 TMNBC revenue requirement forecast of [REDACTED] million;
- 22 • the 2027 PABA revenue requirement forecast of \$137.836 million;
- 23 • the 2027 MCAM revenue requirement forecast of \$0.364 million;
- 24 • the 2026 forecasted year-end overcollected balance of LGBA of (\$34.020)
25 million;
- 26 • the 2026 forecasted year-end overcollected balance of ERRA of (\$45.010)
27 million;

- 1 • the 2026 forecasted year-end undercollected balance of PABA of \$144.783
- 2 million; and
- 3 • the 2026 forecasted year-end balance for BNBCBA of \$.085 million.

4 The amounts above projected for the ERRA, PABA, LGBA, and BNBCBA year-end
5 balances will be updated in SDG&E's annual year-end process pursuant to Resolution E-5217.
6 Finally, my testimony also presents the comparison of the 2025 recorded/forecasted vs. actual
7 year-end balances in the GHG allowance revenues and expenses balancing accounts.

8 This concludes my prepared direct testimony.

1 **XV. QUALIFICATIONS**

2 My name is LaRee Felan. My business address is 8315 Century Park Court, San Diego,
3 California 92123. I am employed by SDG&E as a Senior Supervisor in the Settlements and
4 Systems Department in the Electric and Fuel Procurement organization. My responsibilities
5 include approval of electric and gas commodity invoices, monthly journal entries, and preparation
6 and review of various compliance filings. I assumed my current position in August 2023.

7 I have been employed by SDG&E since 2011 and have held various positions in Audit
8 Services, Financial & Business Planning, Supply Management, and Advanced Technology
9 Integration. My experiences include overseeing the monthly close processes, preparing financial
10 plans, performing variance analysis, and preparing regulatory filings.

11 I received a Bachelor of Science degree in Business Administration with an emphasis in
12 Finance from California State University San Marcos.

13 I have not previously testified before the California Public Utilities Commission.

ATTACHMENT A

DECLARATION OF LAREE FELAN

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

**DECLARATION
OF LAREE FELAN**

**A.26-05-XXX
Application of San Diego Gas & Electric Company (U 902-E)
for Approval of Its 2027 Electric Procurement Revenue Requirement Forecasts and GHG-
Related Forecasts**

I, LaRee Felan, declare as follows:

1. I am the Senior Supervisor for San Diego Gas & Electric Company (“SDG&E”). I included my Prepared Direct Testimony (“Testimony”) in support of SDG&E’s May 15, 2026, Application for Approval of its 2027 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts (“Application”). Additionally, as a Senior Supervisor, I am thoroughly familiar with the facts and representations in this Declaration, and if called upon to testify I could and would testify to the following based upon personal knowledge.

2. I am providing this Declaration to demonstrate that the confidential information (“Protected Information”) in support of the referenced Testimony and Application falls within the scope of data provided confidential treatment in the IOU Matrix (“Matrix”) attached to the Commission’s Decision (“D.”) 06-06-066 (the Phase I Confidentiality decision). Pursuant to the procedure adopted in D.08-04-023, I am addressing each of the following five features of Ordering Paragraph 2 of D.06-06-066:

- that the material constitutes a particular type of data listed in the Matrix;
- the category or categories in the Matrix the data correspond to;
- that SDG&E is complying with the limitations on confidentiality specified in the Matrix for that type of data;

- that the information is not already public; and
- that the data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure.

3. The Protected Information contained in my Testimony constitutes material, market sensitive, electric procurement-related information that is within the scope of Section 454.5(g) of the Public Utilities Code¹. As such, the Protected Information is allowed confidential treatment in accordance with the Matrix, as follows:

Location of Protected Information	Matrix Reference	Reason for Confidentiality and Retention Period
Amounts highlighted in yellow in Table 1 of testimony named “ERRA Revenue Requirement”. Amounts highlighted in tab “Table 1 ERRA Revenue 2027” and tab “ERRA 2026 YE Forecast” of workpapers named “Balancing Accounts 2027 ERRA forecast workpapers_CONFIDENTIAL.xlsx”.	I.A.4	Long-term Fuel (gas) Buying and Hedging Plans; confidential for three years.
	II.A.2	Utility Electric Price Forecasts; confidential for three years.
	II.B.1	Generation Cost Forecasts of Utility Retained Generation; confidential for three years.
	II.B.3	Generation Cost Forecasts of QF Contracts; confidential for three years.
	II.B.4	Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years.
	V.C	LSE Total Energy Forecast; confidential for the front three years.

¹ In addition to the details addressed herein, SDG&E believes that the information being furnished in my Testimony is governed by Public Utilities Code Section 583 and General Order 66-D. Accordingly, SDG&E seeks confidential treatment of this data under those provisions, as applicable.

Location of Protected Information	Matrix Reference	Reason for Confidentiality and Retention Period
<p>Amounts highlighted in yellow in Table 3 of testimony named “LGBA Revenue Requirement”. Amounts highlighted in tab “Table 3 LGBA Revenue 2027” and tab “2026 LGBA YE Forecast Balance” of workpapers named “Balancing Accounts 2027 ERRA forecast workpapers_CONFIDENTIAL.xlsx”.</p>	<p>II.B.1 II.B.3 II.B.4</p>	<p>Generation Cost Forecasts of Utility Retained Generation, confidential for three years.</p> <p>Generation Cost Forecasts of QF Contracts; confidential for three years.</p> <p>Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years.</p>
<p>Amounts highlighted in yellow in Section VIII and Table 5 of testimony named “TMNBCA Revenue Requirement”. Amounts highlighted in tab “Table 5 TMNBCA Revenue 2027” of workpapers named “Balancing Accounts 2027 ERRA forecast workpapers_CONFIDENTIAL.xlsx”.</p>	<p>II.B.4</p>	<p>Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years.</p>
<p>Amounts highlighted in yellow in Table 8 of testimony named “PABA Revenue Requirement”. Amounts highlighted in tab “Table 8 PABA Revenue 2027” and tab “Attach C_2026 PABA YE Fcst Bal” of workpapers named “Balancing Accounts 2027 ERRA forecast workpapers_CONFIDENTIAL.xlsx”.</p>	<p>II.A.2 II.B.1 II.B.3 II.B.4</p>	<p>Utility Electric Price Forecasts; confidential for three years.</p> <p>Generation Cost Forecasts of Utility Retained Generation; confidential for three years.</p> <p>Generation Cost Forecasts of QF Contracts; confidential for three years.</p> <p>Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years.</p>

Location of Protected Information	Matrix Reference	Reason for Confidentiality and Retention Period
Amounts highlighted in yellow in Table 9 of testimony named “MCAMBA Revenue Requirement”. Amounts highlighted in tab “Table 9 MCAMBA Revenue 2027” of workpapers named “Balancing Accounts 2027 ERRRA forecast workpapers_CONFIDENTIAL.xlsx”.	II.A.2	Utility Electric Price Forecasts; confidential for three years.
	II.B.1	Generation Cost Forecasts of Utility Retained Generation; confidential for three years.
	II.B.3	Generation Cost Forecasts of QF Contracts; confidential for three years.
	II.B.4	Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years.
	V.C	LSE Total Energy Forecast; confidential for the front three years.

4. I am not aware of any instances where the Protected Information has been disclosed to the public. To my knowledge, no party, including SDG&E, has publicly revealed any of the Protected Information.

5. SDG&E will comply with the limitations on confidentiality specified in the Matrix for the Protected Information.

6. The Protected Information cannot be provided in a form that is aggregated, partially redacted, or summarized, masked or otherwise protected in a manner that would allow further disclosure of the data while still protecting confidential information.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 15th day of May, 2026, at San Diego, California.

/s/ LaRee Felan
 LaRee Felan
 Senior Supervisor,
 Energy Trading & Operations Support
 San Diego Gas & Electric Company

ATTACHMENT B

**DECLARATION OF AARON FRANZ REGARDING
CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS
PURSUANT TO D.16-08-024, *et al.***

**BEFORE THE PUBLIC UTILITIES
COMMISSION OF THE STATE OF CALIFORNIA**

**DECLARATION
OF AARON FRANZ**

A.26-05-XXX

**Application of San Diego Gas & Electric Company (U 902-E)
For Approval of Its 2027 Electric Procurement Revenue Requirement Forecasts and GHG-
Related Forecasts**

I, Aaron Franz, declare as follows:

1. I am the Manager of the Settlements & Systems department for San Diego Gas & Electric Company (“SDG&E”). I have been delegated authority to sign this declaration by Adam Pierce, Vice President of Energy Procurement & Rates. I have reviewed LaRee Felan’s Prepared Direct Testimony (“Testimony”) in support of SDG&E’s “Application for Approval of its 2027 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts” (“Application”). I am personally familiar with the facts and representations in this Declaration and, if called upon to testify, I could and would testify to the following based upon my personal knowledge and/or information and belief.

2. I am providing this Declaration to demonstrate that the confidential information (“Protected Information”) in support of the referenced Testimony and Application falls within the scope of data provided confidential treatment in the IOU Matrix (“Matrix”) attached to the Commission’s Decision (“D.”) 06-06-066 (the Phase I Confidentiality decision). Pursuant to the procedure adopted in D.08-04-023, I am addressing each of the following five features of Ordering Paragraph 2 of D.06-06-066:

- that the material constitutes a particular type of data listed in the Matrix;
- the category or categories in the Matrix the data correspond to;
- that SDG&E is complying with the limitations on confidentiality specified in the Matrix for that type of data;

- that the information is not already public; and
- that the data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure.

3. The Protected Information contained in my Testimony constitutes material, market sensitive, electric procurement-related information that is within the scope of Section 454.5(g) of the Public Utilities Code¹. As such, the Protected Information is allowed confidential treatment in accordance with the Matrix, as follows:

Location of Protected Information	Matrix Reference	Reason for Confidentiality and Retention Period
Amounts highlighted in yellow in Table 1 of testimony named “ERRA Revenue Requirement”. Amounts highlighted in tab “Table 1 ERRA Revenue 2027” and tab “ERRA 2026 YE Forecast” of workpapers named “Balancing Accounts 2027 ERRA forecast workpapers_CONFIDENTIAL.xlsx”.	I.A.4	Long-term Fuel (gas) Buying and Hedging Plans; confidential for three years.
	II.A.2	Utility Electric Price Forecasts; confidential for three years.
	II.B.1	Generation Cost Forecasts of Utility Retained Generation; confidential for three years.
	II.B.3	Generation Cost Forecasts of QF Contracts; confidential for three years.
	II.B.4	Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years.
	V.C	LSE Total Energy Forecast; confidential for the front three years.
Amounts highlighted in yellow in Table 3 of testimony named “LGBA Revenue Requirement”. Amounts highlighted in tab “Table 3 LGBA Revenue 2027” and tab “2026 LGBA YE Forecast Balance” of workpapers named “Balancing Accounts	II.B.1	Generation Cost Forecasts of Utility Retained Generation, confidential for three years.
	II.B.3	Generation Cost Forecasts of QF Contracts; confidential for three years.
	II.B.4	Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years.

¹ In addition to the details addressed herein, SDG&E believes that the information being furnished in my Testimony is governed by Public Utilities Code Section 583 and General Order 66-D. Accordingly, SDG&E seeks confidential treatment of this data under those provisions, as applicable.

2027 ERRA forecast workpapers_CONFIDENTIAL.xlsx”.		
Amounts highlighted in yellow in Section VIII and Table 5 of testimony named “TMNBCA Revenue Requirement”. Amounts highlighted in tab “Table 5 TMNBCA Revenue 2027” of workpapers named “Balancing Accounts 2027 ERRA forecast workpapers_CONFIDENTIAL.xlsx”.	II.B.4	Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years.
Amounts highlighted in yellow in Table 8 of testimony named “PABA Revenue Requirement”. Amounts highlighted in tab “Table 8 PABA Revenue 2027” and tab “Attach C_2026 PABA YE Fcst Bal” of workpapers named “Balancing Accounts 2027 ERRA forecast workpapers_CONFIDENTIAL.xlsx”.	II.A.2 II.B.1 II.B.3 II.B.4	Utility Electric Price Forecasts; confidential for three years. Generation Cost Forecasts of Utility Retained Generation; confidential for three years. Generation Cost Forecasts of QF Contracts; confidential for three years. Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years.
Amounts highlighted in yellow in Table 9 of testimony named “MCAMBA Revenue Requirement”. Amounts highlighted in tab “Table 9 MCAMBA Revenue 2027” of workpapers named “Balancing Accounts 2027 ERRA forecast workpapers_CONFIDENTIAL.xlsx”.	II.A.2 II.B.1 II.B.3 II.B.4 V.C	Utility Electric Price Forecasts; confidential for three years. Generation Cost Forecasts of Utility Retained Generation; confidential for three years. Generation Cost Forecasts of QF Contracts; confidential for three years. Generation Cost Forecasts of Non-QF Bilateral Contracts; confidential for three years. LSE Total Energy Forecast; confidential for the front three years.

4. I am not aware of any instances where the Protected Information has been disclosed to the public. To my knowledge, no party, including SDG&E, has publicly revealed any of the Protected Information.

5. SDG&E will comply with the limitations on confidentiality specified in the Matrix for the Protected Information.

6. The Protected Information cannot be provided in a form that is aggregated, partially redacted, or summarized, masked or otherwise protected in a manner that would allow further disclosure of the data while still protecting confidential information.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 15th day of May, 2026, at San Diego.

/s/ Aaron Franz
Aaron Franz
Manager, Settlements & Systems