

Application: A.26-02-XXX

Exhibit No.: SDGE-08

Witness: Eric Dalton

**PREPARED TESTIMONY OF
ERIC DALTON
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY
CHAPTER 8 - COST RECOVERY**

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



FEBRUARY 2, 2026

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**PREPARED TESTIMONY OF
ERIC DALTON
CHAPTER 8 - COST RECOVERY**

I. INTRODUCTION

The purpose of my direct testimony is to present San Diego Gas & Electric Company’s (“SDG&E”) cost recovery proposal related to: 1) the accounting treatment and recovery of costs associated with the Demand Flexibility (“DF”) Rate as described in Chapter 5, the Prepared Direct Testimony of Chelsea Haro; and 2) the request of SDG&E to establish the necessary balancing account to track the costs and revenues associated with the Proposed DF Rates.

II. COST RECOVERY

SDG&E proposes to establish the Demand Flexibility Balancing Account (“DFBA”), which is a two-way, interest-bearing balancing account recorded on SDG&E’s financial statements to record the authorized revenue requirement and actual incremental costs associated with the Proposed DF Rates. SDG&E’s incremental costs for this program include capital-related costs (e.g., depreciation expense, authorized return on investment, and taxes), incurred operations and maintenance (“O&M”) costs associated with the program including applicable incremental overhead costs and ongoing O&M created by implementation of the Proposed DF Rates. The revenue requirement related to the Proposed DF Rates is discussed in the testimony on revenue requirement (Chapter 9) and the cost recovery timing is discussed in the implementation testimony (Chapter 5).

A two-way balancing account is reasonable because it allows the utility to track actual costs to an amount authorized for recovery by the CPUC, thereby ensuring that ratepayers are charged for actual costs and refunded any overcollections in a timely manner. The annual over or undercollection of the DFBA balance will be included and accounted for in SDG&E's Tier 2

1 Advice Letter submission for its Annual Regulatory Account Balance Update, or other
2 applicable proceeding as directed by the Commission.

3 SDG&E proposes to utilize the DFBA for the purposes included in this Application until
4 a time when the costs associated with the program described in this application are incorporated
5 into SDG&E's base business in the GRC proceeding, at which time SDG&E may propose to
6 close the DFBA and roll the ongoing revenue and expenses into the appropriate account.

7 **III. CONCLUSION AND SUMMARY**

8 This concludes my prepared direct testimony.

1 **IV. STATEMENT OF QUALIFICATIONS**

2 My name is Eric Dalton. I am employed by SDG&E as the Regulatory Reporting and
3 Accounts Manager in the Controller's Division. My business address is 8330 Century Park
4 Court, San Diego, California 92123. I have been employed with SDG&E since 2006. I
5 assumed my current position in August 2014 as the Regulatory Reporting Manager and assumed
6 the Regulatory Accounts Manager position in July 2019. My current responsibilities include
7 managing the process for the development, implementation, analysis and accounting for
8 regulatory balancing and memorandum accounts.

9 In addition to my current position in Regulatory Reporting & Accounts, I have held
10 various other positions increasing in responsibility since September 2006. I served as the
11 Billable Project Supervisor in Plant Accounting (January 2013 – August 2014), Bank
12 Reconciliation Supervisor (July 2011 – December 2012), and Financial Accounting Senior and
13 Principal Accountant (September 2006 -
14 June 2011).

15 I received a Bachelor of Science in Accounting in 1999 from the University of Kansas. I
16 am a Certified Public Accountant (“CPA”) licensed in the State of California since 2003.

17
18 I have previously testified before this Commission.