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**REBUTTAL TESTIMONY
OF BRUCE A. FOLKMANN
(POLICY OVERVIEW)**

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



May 2023

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I. INTRODUCTION

San Diego Gas & Electric Company (SDG&E) is proud to deliver clean, safe, and reliable energy to customers in our service territory. As a public utility, SDG&E has an obligation to provide an essential service and takes that obligation very seriously. We strive to offer affordable service and are mindful of prudent and efficient financial stewardship of our customers' dollars. We recognize that our customers are facing rising costs, including for energy. To assist our customers, SDG&E is pursuing multiple methods to reduce rates both inside this General Rate Case (GRC) and in other forums.

At the same time, as the California Public Utilities Commission (Commission or CPUC) has recognized, the need for investment in the energy system continues to grow. SDG&E's proposals are predicated upon the upcoming needs to run our business, our collective work to transition to a net zero economy, and the critical ongoing need for wildfire mitigation. How customers use electricity in California is at an inflection point, with a recent Commission staff white paper ("White Paper") anticipating that the need for energy services will increase with electrification.¹ SDG&E must prepare for those changes now, consistent with legal and regulatory mandates and to serve customers in the manner that they expect and deserve. Critical investments now will support a cleaner, dynamic green economy that allows SDG&E's service territory to grow and thrive.

A. SDG&E Supports Affordability

Multiple parties echo The Public Advocates Office of the California Public Utilities Commission's (Cal Advocates) arguments regarding a "crisis in energy affordability."² SDG&E

¹ CPUC, Utility Costs and Affordability of the Grid of the Future, An Evaluation of Electric Costs, Rates and Equity Issues Pursuant to P.U. Code Section 913.1 (May 2021) (White Paper) at 69, n.144 ("The CEC's 2019 IEPR forecasts CAISO-wide electric sales due to electrification growing from 7.8 TWh in 2023 to 14.6 TWh in 2030"), available at https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/office-of-governmental-affairs-division/reports/2021/senate-bill-695-report-2021-and-en-banc-whitepaper_final_04302021.pdf.

² See, e.g., Ex. CA-20 (Hunter) at 17; Ex. TURN-02 (Dowdell) at 5.

1 does not dispute that costs in California are rising.³ This is self-evidently not just a California
2 issue. Nationwide, consumers paid 10.2% more for electricity between March 2022 - 2023 than
3 they did the year prior.⁴ SDG&E itself is not immune to rising costs and inflation.

4 **1. SDG&E is Pursuing Multiple Avenues to Reduce Rates**

5 SDG&E is committed to advancing efforts to keep rates affordable. This includes through
6 rate reform in the Commission's fixed rate proceeding and legislative rate reform. And it
7 includes pursuing other avenues to reduce rates, including seeking Infrastructure Investment and
8 Jobs Act (IIJA), Inflation Reduction Act (IRA), and state funding, and through promoting a
9 culture of efficiency. Specifically, in response to Assembly Bill (AB) 205, passed in 2022,
10 SDG&E filed its rate reform proposal designed to stabilize and lower energy bills.⁵ The proposal
11 would:

- 12 • Provide financial relief for low-to-moderate income customers with an
13 estimated savings of up to \$300 per year for the average lowest income
14 customer;
- 15 • Make monthly bills more predictable and transparent for all customers;
16 and
- 17 • Support California's climate goals by incentivizing clean transportation
18 and building electrification.

19 SDG&E is also advocating for state legislation that would reduce ratepayer impacts. This
20 includes supporting AB 982, which would require state-mandated social programs (also known
21 as public purpose programs) to be paid through the state's general fund—rather than through
22 customers' electric bills—and AB 1513, which would spread the cost of wildfire safety
23 improvements over a longer period.

24 Moreover, SDG&E is pursuing federal assistance. In April 2023, SDG&E applied for up
25 to \$100 million in federal funds through the United States Department of Energy's Grid
26 Resilience and Innovation Partnerships Grant program under IIJA. If awarded, this grant would

3 Ex. SDG&E-01-R (Folkmann) at BAF-17.

4 U.S. Bureau of Labor Statistics, Consumer Price Index Summary (April 12, 2022), available at <https://www.bls.gov/news.release/cpi.nr0.htm>.

5 Rulemaking (R.) 22-07-005, Order Instituting Rulemaking to Advance Demand Flexibility Through Electric Rates (July 14, 2022).

1 help offset the costs of wildfire hardening efforts on and around federally recognized Tribal
2 Nations' land within SDG&E's service territory. SDG&E is also seeking federal investment tax
3 credits for its utility-owned clean energy storage projects under the IRA that will be passed on to
4 ratepayers, lowering the costs of energy storage projects.

5 SDG&E is similarly advocating for improved utilization of existing infrastructure to help
6 stabilize natural gas bills.⁶ In April 2023, Southern California Gas Company (SoCalGas) and
7 SDG&E filed a Joint Petition for Modification of Decision (D.) 21-11-008 requesting the
8 Commission take expedited action to increase the inventory limit at Aliso Canyon to help
9 mitigate against future price spikes.

10 And SDG&E has a responsibility to operate as efficiently as we can while keeping safety,
11 reliability, and affordability top of mind. As I discussed in my direct testimony, SDG&E has a
12 culture of continuously seeking out new and better ways to promote safety and reliability and
13 increase the efficiency of operations and customer service.⁷ For instance, SDG&E established a
14 business optimization group to maximize efficiency company-wide. Throughout the company,
15 this culture of efficiency helps ensure that our customers' costs are minimized. A good example
16 of this is the quality of our wildfire risk mitigation, which has enabled SDG&E for a number of
17 years running to procure wildfire insurance at competitive rates for our customers.

18 **2. SDG&E's GRC Proposals Support Affordability**

19 SDG&E has also taken concrete steps in its GRC application to support affordability. As
20 discussed in my direct testimony,⁸ SDG&E voluntarily removed from its GRC request certain
21 items based on policy considerations—including long-term incentive compensation, Sempra
22 Energy executive officer compensation costs, and aspects of depreciation.

23 Specifically, SDG&E proposed a one-time, non-precedential maintenance of its common
24 and electric plant depreciation levels—despite expert analysis demonstrating certain increases

⁶ Investigation 23-03-008, Joint Response of SoCalGas and SDG&E to Order Instituting Investigation on the Commission's Own Motion Into Natural Gas Prices During Winter 2022-2023 and Resulting Impacts to Energy Markets (April 19, 2023) at 20-32.

⁷ Ex. SDG&E-01-R (Folkmann) at BAF-14 – BAF-15.

⁸ *Id.* at BAF-17 – BAF-20.

1 were necessary for SDG&E to appropriately recover plant and equipment costs.⁹ Cal Advocates
2 agrees with SDG&E’s proposal to maintain SDG&E’s common and electric plant depreciation
3 levels.¹⁰

4 The Utility Reform Network (TURN) apparently misunderstands SDG&E’s proposal to
5 hold common and electric plant rates constant for this GRC cycle.¹¹ Although it is not clear what
6 TURN’s depreciation approach was, TURN seemingly cherry-picks Dane Watson’s study—
7 suggesting further depreciation reductions where Mr. Watson’s study recommended longer
8 common and electric plant service lives for SDG&E’s assets compared to current levels, while
9 accepting keeping lives current for common and electric plant accounts when Mr. Watson’s
10 study recommended shortening those lives.¹² Mr. Watson’s rebuttal describes the infirmities
11 with TURN’s approach regarding an electric plant account where TURN disagrees with Mr.
12 Watson’s study.¹³ And Mr. Watson likewise explains how TURN misconstrues Commission
13 precedent regarding net salvage changes—even though TURN proposes increases in negative net
14 salvage relative to SDG&E’s current levels for certain common and electric plant accounts.¹⁴

15 Cal Advocates more broadly argues that SDG&E’s maintenance of common and electric
16 depreciation levels should be applied to SDG&E’s gas assets.¹⁵ But SDG&E’s differing
17 proposals are based on the differing status between its common and electric and natural gas
18 assets. The parties and the Commission universally recognize that SDG&E’s common and
19 electric assets will be fully used for a long time moving forward—and will become even more
20 important with electrification and the inevitable additional volume of energy transmitted through

⁹ *Id.* at BAF-18. Dane Watson sponsors SDG&E’s gas depreciation proposals and explains the shortcomings with intervenors’ gas depreciation proposals in his rebuttal. Ex. SDG&E-236 (Watson).

¹⁰ Ex. CA-17 (Ayanruoh) at 15 (“Cal Advocates takes no issue with SDG&E’s proposals to maintain depreciation rates for electric and common plant at the current rates.”).

¹¹ Ex. TURN-12 (Garrett) at 4. TURN is seemingly confused based on the accrual amount outlined in Mr. Watson’s testimony. *Id.* at n.3. Although Mr. Watson’s testimony shows the math of applying the rates from his study, SDG&E’s proposal is contained in my direct testimony, and it reflects current common and electric plant depreciation levels. Ex. SDG&E-01 (Folkmann) at BAF-19.

¹² *See* Ex. TURN-12 (Garrett) at 10; Ex. SDG&E-236 (Watson).

¹³ Ex. SDG&E-236 (Watson) at DAW-38.

¹⁴ *Id.* at DAW-13.

¹⁵ *See* Ex. CA-17 (Ayanruoh) at 30.

1 our infrastructure. Given the affordability challenges cited by all the parties, SDG&E thus
2 believes that the most reasonable approach is holding flat the depreciation levels for those assets.

3 Conversely, Environmental Defense Fund (EDF) proposes accelerating depreciation on
4 SDG&E's gas assets.¹⁶ As Mr. Watson describes, EDF's alternative ratemaking approaches do
5 not follow the Commission's precedent for addressing depreciation.¹⁷ More importantly, EDF's
6 proposal to alter how gas assets are depreciated considering the state's electrification goals is not
7 appropriately addressed in a single utility's GRC. It should instead be considered in a rulemaking
8 addressing all utility gas assets in the state. In fact, the Commission has already identified
9 accelerated and alternative depreciation methods within the scope of R.20-01-007, which is the
10 appropriate forum for the consideration of this issue. Given these competing and conflicting
11 intervenor proposals, SDG&E's depreciation approach strike a reasonable balance.

12 As noted above, in addition to voluntarily electing to remove certain items from
13 consideration in the GRC, SDG&E also continues to look for ways to be more efficient with
14 customer funds. I provided some examples in my direct testimony¹⁸ including cost efficiencies
15 related to strategic undergrounding associated with wildfire mitigation by using smaller
16 conductor and not burying lines as deeply. Another example is SDG&E's Field Service Delivery
17 project, which identifies synergies and consolidates software applications.¹⁹

18 Operating efficiently, safely, and reliably also requires continued investment in energy
19 infrastructure, especially with pressing electrification, wildfire mitigation, and climate change
20 adaptation needs.²⁰ We are prioritizing both making the necessary changes to decarbonize the
21 system and making the system safer in a changing climate. This is reflected in SDG&E's path to
22 net zero and SDG&E's widely recognized leadership on wildfire mitigation. As the Commission
23 has recognized, there is an expanding need for increased investments "in wildfire mitigation

¹⁶ Ex. EDF-01 (McCann/Seong) at 54-60.

¹⁷ Ex. SDG&E-236 (Watson) at DAW-13.

¹⁸ Ex. SDG&E-01-R (Folkmann) at BAF-14 – BAF-17.

¹⁹ Ex. SDG&E-17-R (Thai) at DHT-44 – DHT-45.

²⁰ See Ex. SDG&E-01-R (Folkmann) at BAF-6.

1 measures, clean energy resources and electric system reliability enhancements,”²¹ given
2 anticipated increases in building electrification, electric vehicles, and other clean energy
3 solutions²² on which SDG&E is leading the way.²³

4 Yet these needed additional investments for electrification also provide opportunities for
5 customers, as discussed in the Commission’s 2021 White Paper regarding “high electrification
6 scenarios.”²⁴ The Commission should take a far-sighted approach, ensuring the necessary
7 investments now to achieve a net-zero economy where all customers can receive the economic,
8 health, and environmental benefits from electrification.²⁵ SDG&E endeavors to achieve this
9 balance with its GRC application. SDG&E’s combined gas and electric proposals result in
10 energy burden metrics (percent of income) that are in-line with the 6% threshold cited by
11 TURN.²⁶

12 **B. The Commission Should Apply its Longstanding Ratemaking Principles**

13 Operating efficiently is also encouraged as part of California’s model for utility
14 ratemaking.²⁷ Yet some parties essentially challenge the Commission’s GRC ratemaking model.

²¹ CPUC, 2022 Senate Bill 695 Report (May 2022) (2022 Senate Bill 695 Report) at 78, available at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/office-of-governmental-affairs-division/reports/2022/2022-sb-695-report.pdf>.

²² See Senate Bill 100, CPUC, CEC, and CAISO, 2021 SB 100 Joint Agency Report (March 15, 2021) (Joint Agency Report) at 125 (“Meeting the SB 100 2045 target” of 100 percent of electricity retail sales and state loads from renewable and zero-carbon resources in California “will likely require substantial new investments in the electric system”), available at <https://www.energy.ca.gov/publications/2021/2021-sb-100-joint-agency-report-achieving-100-percent-clean-electricity>.

²³ Ex. SDG&E-01-R (Folkmann) at BAF-7 – BAF-8.

²⁴ White Paper at 87.

²⁵ Joint Agency Report at 6.

²⁶ See Ex. SCG-243/SDG&E-250 (Baez and Foster) Michael Foster (Electric and Gas Affordability Metrics).

²⁷ See D.20-01-002 at 10 (“the cost-of-service model can operate effectively with regulatory lag serving as an incentive to control costs”) (citation omitted); *id.* at 37 (quoting TURN’s comments that a multi-year GRC cycle benefits ratepayers because, by “providing the utility a steady revenue requirement over a period of years based on the Commission’s adopted forecast of the utility’s cost of service, the utility has a financial incentive to reduce costs during the rate case cycle”) (quoting TURN Comments on the PD at 4).

1 For example, the Federal Executive Agencies (FEA) contests SDG&E’s electric
2 distribution request on the basis that SDG&E underspent on electric distribution in 2017-2021,
3 arguing that SDG&E’s test year 2024 forecasted electric distribution capital expenditure should
4 be based on an average of SDG&E’s actual capital spending from 2017 - 2021.²⁸ Cal Advocates
5 similarly argues that SDG&E’s fleet vehicle and real estate spending forecasts should be rejected
6 based on recent historical underspend.²⁹ And TURN relatedly asserts that 2022 data should be
7 included to forecast costs.³⁰

8 But FEA and others’ arguments misunderstand (or attempt to alter) the Commission’s
9 longstanding *forecasted* ratemaking process, which is based on the best information about
10 expected *future* events combined with historical trends.³¹ The Commission does not generally
11 authorize rates based upon actual historical costs—or penalize a utility when it spent less money
12 in an area than forecasted. Nor does the Commission utilize formula ratemaking based upon
13 actual costs.

14 The closest Commission-jurisdictional analogy, two-way balancing, is most often applied
15 in situations where costs are difficult to predict and subject to variables beyond the applicant’s
16 control, such as with a relatively new program, a program whose costs have become less
17 forecastable like liability insurance, or where forecasted activity may vary significantly, as with
18 wildfire mitigation activities.³² SDG&E has requested two-way balancing where it should
19 appropriately apply and has real value. But two-way balancing is not applied to every account,
20 providing SDG&E the opportunity to act efficiently and prudently in response to changing
21 events.

²⁸ Ex. FEA-01 (Smith) at 9.

²⁹ Ex. CA-11 (Waterworth) at 25-26, 47.

³⁰ Ex. TURN-06 (Monsen) at 16-17.

³¹ See D.20-01-002 at 8.

³² See D.19-09-051 at 155-156 (establishing a two-way balancing account for Southern California Gas Company work related to the Storage Integrity Management Program, because the federal regulations driving that program are dynamic and subject to change). In fact, TURN wrongly criticizes the use of two-way balancing accounts as a general matter when they make sense in certain contexts, such as when sought by SDG&E in this proceeding. See Ex. TURN-15 (Finkelstein).

1 In fact, the “Commission has always acknowledged that utilities may need to reprioritize
2 spending between GRCs.”³³ Part of the Commission’s impetus for changing from a three to a
3 four-year GRC cycle was that a modern utility needs to more often change course to respond to
4 “rapidly unfolding events such as the catastrophic wildfires in 2007, 2017, 2018, and now,
5 2019,” that require a utility to “quickly re-direct[] Commission-authorized GRC funding from its
6 originally intended purpose to a wholly different purpose.”³⁴

7 The Commission thus recognizes that SDG&E needs the flexibility to make prudent
8 investments. Variances between funding authorized in GRCs and actual spending is identified
9 and explained in SDG&E’s annual Risk Spending Accountability Report (RSAR), where the
10 Commission and parties can review. The need to repurpose funding from one area to another is
11 precisely applicable to the electric distribution capital authorization cited by FEA.³⁵ That is, in
12 SDG&E’s last GRC, wildfire mitigation was not even recognized as a separate issue from
13 electric distribution—a situation that has self-evidently drastically changed with recent wildfires
14 and the passage of SB 901 and AB 1054.

15 Similarly, SDG&E’s fleet distribution request in this GRC is driven, in part, by the
16 evolving transportation need to increase the portion of SDG&E’s fleet that are zero-emission
17 vehicles.³⁶ Reliance on reductions in funding in this GRC based on historical underspending
18 misunderstands the needs for the future. It also fails to account for areas where spending over
19 authorized was needed in recent years, such as in gas distribution.

20 The Commission should likewise reject TURN’s “inflation-constrained” alternative,³⁷
21 Small Business Utility Advocates’ (SBUA) “zero-based method,”³⁸ or other proposals that would
22 limit the Commission’s ratemaking authority. The Commission has constitutional and statutory

³³ D.20-01-002 at 38; *accord id.* at 33, and 36.

³⁴ *Id.* at 35.

³⁵ *See* Ex. SDG&E-01-R (Folkmann) at BAF-16 (describing SDG&E’s extensive wildfire mitigation efforts since 2019).

³⁶ Ex. SDG&E-01-R (Folkmann) at BAF-28.

³⁷ Ex. TURN-02 (Dowdell) at 24.

³⁸ Ex. SBUA (McCann/Moss) at 12-13.

1 authority under to ensure that all charges are just and reasonable.³⁹ As SBUA itself recognizes,⁴⁰
2 the Commission likewise already has a duty to make decisions on GRC applications ““based on
3 evidence in the record.””⁴¹ It is thus an unnecessary and/or a redundant use of ratepayer resources
4 to require additional utility GRC proposals when the Commission already has the authority to
5 determine what rates are just and reasonable in the context of economic conditions such as
6 inflation, as well as critical legal requirements and policy goals such as wildfire mitigation and
7 electrification.⁴² Any party is self-evidently free to make proposals based upon inflation levels or
8 any other basis that they believe results in just and reasonable rates.

9 Similarly, Utility Consumers’ Action Network’s (UCAN) overstated reference to a
10 “death spiral” regarding expanding rate base falsely assumes that the population base in
11 SDG&E’s service territory will remain stagnant or decline⁴³—instead of the reality of a growing
12 rate base serving a growing population. Critical undertakings like wildfire mitigation and
13 electrification support thousands of good, high-paying jobs and ensure that San Diego can
14 feature the high-tech economy of tomorrow that can spur innovation and create markets for green
15 technologies.⁴⁴ Again, the Commission’s GRC framework already supports the setting of just
16 and reasonable rates. It allows the Commission to balance both affordability and the clean energy
17 transition through critical efforts like wildfire mitigation and grid modernization—a balance that
18 SDG&E sought to strike in both its application and in its efforts outside of this proceeding.⁴⁵

³⁹ D.20-01-002 at 12 (the “Commission’s role is not to merely pass utility cost estimates on to ratepayers, but rather to independently determine the just and reasonable level of costs necessary for the utility to meet its obligation.”).

⁴⁰ Ex. SBUA (McCann/Moss) at 12.

⁴¹ D.20-01-002 at 22 (quoting Pub. Utils. Code § 1701.3(j)).

⁴² D.20-01-002 at 11 (“it is up to the Commission to maintain the balance in outcomes between customers and shareholders.”).

⁴³ Ex. UCAN (Woychik) at 5-6.

⁴⁴ Joint Agency Report at 3.

⁴⁵ See Ex. SDG&E-01-R (Folkmann) at BAF-20 – BAF-23 (describing SDG&E’s wildfire mitigation and grid modernization efforts).

1 **C. SDG&E’s Application Supports the Clean Energy Transition in the Context**
2 **of A Four-Year GRC Cycle**

3 **1. Gas Throughput**

4 Certain parties argue that gas demand is declining and assert that SDG&E’s gas
5 infrastructure requests should be reduced.⁴⁶ SDG&E has not put forth a gas demand forecast for
6 Commission approval. Rather, SDG&E has developed forecasts to manage its operations and
7 assets in 2024, including gas infrastructure.

8 Although gas demand will likely decline as more customers adopt electrification, as
9 Eduardo Martinez describes more fully in his rebuttal, this does not mean that the utility will
10 experience a decline in its customer growth, let alone an actual loss of customers.⁴⁷ SDG&E’s
11 obligation to serve customers who want gas service has not waived. As of this GRC cycle,
12 SDG&E does not anticipate gas infrastructure being retired. Nor is there evidence to support
13 SBUA’s assertion that “customer growth will largely disappear” by 2024.⁴⁸ Instead, SDG&E’s
14 forecast is reasonable for the relevant period for this proceeding.⁴⁹

15 **2. SDG&E Supports DERs, but It is Unrealistic to Principally Rely**
16 **Upon DERs, Which Would Exacerbate Equity Issues**

17 Both the UCAN and the Protect Our Communities Foundation (PCF) argue that customer
18 distributed energy resources (DERs) can be the principal—if not sole—method to achieve
19 widespread electrification.⁵⁰ SDG&E supports customer based DERs and customer choice.⁵¹

20 But such a DER-only approach is not workable. For example, solar energy does not cover
21 energy needs at night or days when the sun does not shine. Customer scale batteries do not have
22 the longevity to support a household’s energy consumption for long-periods of time. The
23 reliability of the electrical grid is paramount today and will become even more so as customers

⁴⁶ See Ex. EDF-01 (McCann/Seong) at 20; Ex. UCAN (Woychik) at 323-224; Ex. SBUA (McCann/Moss) at 6.

⁴⁷ See Ex. SDG&E-239 (Martinez) at EJM-5.

⁴⁸ Ex. SBUA (McCann/Moss) at 5-6.

⁴⁹ Ex. SDG&E-01-R (Folkmann) at BAF-23.

⁵⁰ Ex. UCAN (Woychik) at 6; Ex. PCF (Powers) at 2.

⁵¹ See Ex. SDG&E-01-R (Folkmann) at BAF-22 (describing SDG&E’s projects to integrate DERs into the system).

1 increase their reliance on electricity as a source of energy for transportation, for example.
2 Additionally, customer DERs do not cover all areas of the system.

3 The pipes and wires that deliver energy long-distances may not translate to a single
4 customer where DER would be the solution. In sum, there is no explanation for how DERs could
5 support the entire grid, including meeting industrial, commercial, and multi-unit residential
6 needs. Notably, the Commission, California Energy Commission (CEC), and California
7 Independent System Operator (CAISO) found that DERs can help support the state’s
8 decarbonization goals, but that “[m]eeting the 100 percent clean electricity target will likely
9 require substantial new investments in the electric system.”⁵²

10 Moreover, operating the electric grid is complex. SDG&E is the provider of last resort
11 and has an obligation to serve all customers who want its services.⁵³ As a prudent operator in
12 California, SDG&E must be prepared for all scenarios to maintain a safe, reliable, and clean
13 energy system. Investing in utility infrastructure is not about “spending plans,” as UCAN
14 suggests, but rather is focused on resiliency.⁵⁴

15 Further, such heavy reliance on DERs assumes that all customers have the means to
16 invest and maintain such systems. This may disproportionately impact those vulnerable
17 customers who may not be able to invest in behind-the-meter DERs. As the Commission recently
18 observed, DERs are more likely to be adopted by moderate-to-higher income customers.⁵⁵

19 In sum, as the Commission has stated, to meet the state’s clean energy goals, a mix of
20 technology and solutions will be needed, including customer DERs. But as the Commission has
21 likewise repeatedly determined, DERs cannot and could not be the sole solution. To complement
22 customers’ choices, SDG&E’s GRC proposals benefit customers and the energy system, and
23 invests in safety, reliability, and clean infrastructure that will enable decarbonization.

24 **D. Headcount**

25 SDG&E proposed additional personnel in its workforce to support the many projects and
26 programs and increasing regulatory requirements. As explained in the rebuttal testimony of

⁵² See Joint Agency Report at 18.

⁵³ Ex. SDG&E-01 (Folkmann) at BAF-23.

⁵⁴ See Ex. SDG&E-01-R (Folkmann) at 3-4.

⁵⁵ 2022 Senate Bill 695 Report at 16.

1 Alexandra Taylor (Exhibit SDG&E-232) and the revised direct testimony of Debbie Robinson
2 (Exhibit SCG-25-R/SDG&E-29-R), developing and maintaining a skilled, qualified, dedicated,
3 and diverse workforce is critical to SDG&E's continued success.⁵⁶

4 Cal Advocates disagrees with SDG&E's requested headcount and recommends instead an
5 average annual labor inflation rate for SDG&E of 1.5%.⁵⁷ Ms. Taylor explains why Cal
6 Advocates' calculations and assumptions are incorrect, and demonstrates that, after accounting
7 for an anomalous growth period from 2017 to 2018, SDG&E's average year-over-year historical
8 growth rate for 2018 - 2021 is slightly above 4% per year.⁵⁸ SDG&E's headcount forecast is
9 reasonable because it is aligned with historical headcount growth of around 4% per year and
10 supports SDG&E's planned workforce growth given the anticipated projects and programs in
11 this GRC cycle.

12 **II. CONCLUSION**

13 SDG&E's GRC requests balances the need for continued investment in our infrastructure
14 and operations and supports critical goals such as electrification and wildfire mitigation, while
15 mitigating rate impacts for our customers. These investments will have long-term benefits,
16 supporting a cleaner, dynamic economy and environment where the benefits of electrification are
17 spread to all customers.

18 This concludes my prepared rebuttal testimony.

⁵⁶ See Ex. SDG&E-01-R (Folkmann) at BAF-29 – BAF-30.

⁵⁷ Ex. CA-13 (Emerson) at 7.

⁵⁸ Ex. SDG&E-232 (Taylor) at AGT-7 – AGT-8.

APPENDIX A
GLOSSARY OF TERMS

| ACRONYM | DEFINITION |
|----------------|---|
| CAISO | California Independent System Operator |
| Cal Advocates | Public Advocates Office of the California Public Utilities Commission |
| CEC | California Energy Commission |
| DERs | Distributed Energy Resources |
| EDF | Environmental Defense Fund |
| FEA | Federal Executive Agency |
| GRC | General Rate Case |
| IIJA | Infrastructure Investment and Jobs Act |
| IRA | Inflation Reduction Act |
| PCF | Protect Our Communities Foundation |
| RSAR | Risk Spending Accountability Report |
| SBUA | Small Business Utility Advocates |
| SDG&E | San Diego Gas & Electric Company |
| SoCalGas | Southern California Gas Company |
| TURN | The Utility Reform Network |
| UCAN | Utilities Consumers' Action Network |