

Company: San Diego Gas & Electric Company (U 902 M)
Proceeding: 2024 General Rate Case
Application: A.22-05-015/-016 (cons.)
Exhibit: SDG&E-243

**REBUTTAL TESTIMONY
OF JASON KUPFERSMID
(REGULATORY ACCOUNTS)**

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



May 2023

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**REBUTTAL TESTIMONY OF
JASON KUPFERSMID
(REGULATORY ACCOUNTS)**

I. SUMMARY OF DIFFERENCES

Balancing Account Recommendations				
Account	SDG&E	Cal Advocates	TURN	FEA
CISBA	Close	Non-Closure¹	-	-
OPBA	Close	Non-Closure²	-	-
VGIMA	Close	Non-Closure³	-	-
VGIBA	Close	Non-Closure⁴	-	-
LIPBA	Continue	Modify⁵	Modify⁶	-
HBRBA	New	Not Needed⁷	Modify⁸	Memo Account⁹
LMBA	New	Opposed¹⁰	Modify – fn 8	Opposed¹¹
LPCMA	New	Opposed¹²	-	-
RDDBA	New	“Opposed”¹³	-	-
WMPBA	New	Opposed¹⁴	Opposed¹⁵	-

¹ Ex. CA-11 (Waterworth) at 59, lines 15-17.

² Ex. CA-06 (Wilson) at 20, lines 12-21.

³ Ex. CA-19 (Chia & Lee) at 29, lines 19-20 (citing Ex. CA-11 at 12:2-7 in which Cal Advocates states that it does not oppose the closure of the Vehicle Grid Integration Memorandum Account (VGIMA), but does oppose the closure of the Vehicle Grid Integration Balancing Account (VGIBA)).

⁴ Ex. CA-11 (Waterworth) at 12, line 6 through at 14, line 5.

⁵ Ex. CA-12 (Chumack) at 11, lines 5-19.

⁶ Ex. TURN-11 (Finkelstein & Ellis) at 14, lines 4-15.

⁷ Ex. CA-09 (Younes) at 52, lines 3-7.

⁸ Ex. TURN-15 (Finkelstein) at 24, lines 10-25 and at 25, lines 1-17.

⁹ Ex. FEA-01 (Smith) at 50, lines 6-8.

¹⁰ Ex. CA-02 (Sierra) at 9, lines 2-7.

¹¹ Ex. FEA-01 (Smith) at 54, lines 8-9.

¹² Ex. CA-06 (Wilson) at 14, lines 20-25.

¹³ Cal Advocates appears to be opposing the basis for spending to be recorded in the RDDBA account, not the account itself. *Compare* Ex. CA-09 (Chia & Lee) at 21:12-13 (arguing against certain revenue requests to be recorded in the RDDBA, but stating that “Cal Advocates does not oppose a one-way balancing account for the approved spending.”) *with* Cal Advocates Ex. CA-19 (Chia & Lee) at 32:10-11 (“Cal Advocates takes issue with SDG&E’s proposal to create the RDDBA. See Exhibit CA-09 for the discussion.”)

¹⁴ Ex. CA-07 (Kaur) at 26, lines 12-13.

¹⁵ Ex. TURN-15 (Finkelstein) at 20, lines 13-18.

Balancing Account Recommendations				
Account	SDG&E	Cal Advocates	TURN	FEA
EVIBA	New	-	Modify – fn 8	Memo Account¹⁶
Two-Way Balancing Accounts	Continue	-	Eliminate¹⁷	-
TIMPBA	Continue	Modify¹⁸	One-Way BA¹⁹	-
DIMPBA	Continue	Modify – fn 18	One-Way BA²⁰	-
TTBA	Continue	Modify – fn 18	One-Way BA²¹	-
FIMPBA	New	-	Opposed²²	-
GSEPBA	New	-	Opposed²³	-
NERBA	Continue	-	Modify – fn 8	-
T2CMA	New	-	Modify – fn 8	-

1
2 **II. INTRODUCTION**

3 This rebuttal testimony regarding San Diego Gas & Electric Company’s (SDG&E)
4 request for Regulatory Accounts addresses the following testimony from other parties:

- 5 • The Public Advocates Office of the California Public Utilities
6 Commission (Cal Advocates) as submitted by:
7 Maricela Sierra (Exhibit CA-02), dated March 27, 2023
8 Gregory A. Wilson (Exhibit CA-06), dated March 27, 2023
9 Simran Kaur (Exhibit CA-07), dated March 27, 2023
10 Amin Younes (Exhibit CA-09), dated March 27, 2023
11 L. Mark Waterworth (Exhibit CA-11), dated March 27, 2023
12 Leonid Chumack (Exhibit CA-12), dated March 27, 2023
13 Sophie Chia and Joyce Lee (Exhibit CA-19), dated March 27, 2023
14 Stacy Hunter (Exhibit CA-20), dated March 27, 2023
15 • The Utility Reform Network (TURN), as submitted by:

¹⁶ Ex. FEA-01 (Smith) at 48, lines 8-11.

¹⁷ Ex. TURN-15 (Finkelstein) at 11, lines 6-11.

¹⁸ Ex. CA-20 (Hunter) at 20, lines 10-21.

¹⁹ Ex. TURN-15 (Finkelstein) at 18, lines 1-9.

²⁰ Ex. TURN-15 (Finkelstein) at 18, lines 1-9.

²¹ Ex. TURN-15 (Finkelstein) at 19, lines 14-19.

²² Ex. TURN-15 (Finkelstein) at 22, line 14.

²³ Ex. TURN-15 (Finkelstein) at 23, lines 19-20.

1 Robert Finkelstein and Mark Ellis (Exhibit TURN-11), dated March 27,
2 2023, Robert Finkelstein (Exhibit TURN-15), dated March 27, 2023.

- 3 • The Federal Executive Agencies (FEA), as submitted by Ralph C. Smith,
4 CPA (Exhibit FEA-01), dated March 27, 2023.

5 As a preliminary matter, the absence of a response to any particular issue in this rebuttal
6 testimony does not imply or constitute agreement by SDG&E with the proposal or contention
7 made by these or other parties. The forecasts contained in SDG&E's direct testimony,
8 performed at the project level, are based on sound estimates of its revenue requirements at the
9 time of testimony preparation.

10 SDG&E maintains that its proposals to utilize, and/or continue to utilize, two-way
11 balancing accounts to provide for recovery of costs above the level approved in the General Rate
12 Case (GRC) or return to ratepayers excess revenues collected which are greater than costs
13 incurred provides the greatest transparency and accurate level of revenue needed for SDG&E to
14 provide safe and reliable service at a reasonable cost.²⁴

15 Utilizing balancing accounts to provide for revenue needed for SDG&E to maintain safe
16 and reliable service does not weaken the California Public Utilities Commission's (Commission)
17 ability to scrutinize and review the recorded balances in the respective account(s). By filing the
18 annual regulatory account update Tier 2 advice letter, SDG&E's revenues, over-collections, and
19 under-collections recorded in the respective balancing account(s) are all considered to develop a
20 rate which provides for cost recovery for amounts spent to maintain safe and reliable service
21 while providing credit to ratepayers for previously authorized funds unspent.

22 SDG&E's annual regulatory account update Tier 2 advice letter facilitates timely
23 resolution of that Commission review without having to put forth a resolution requiring full
24 Commission vote as required by a separate application thereby reducing administrative burden
25 and costs while providing timely recovery of funds needed for SDG&E to continue to invest in
26 providing safe and reliable service to our customers.

27 As proposed by intervenors, replacing an existing two-way balancing account with a one-
28 way balancing account and companion memorandum account will record the expense for which
29 revenue is providing recovery in the one-way balancing account, with any potential overage

²⁴ Ex TURN-15 (Finkelstein) at 16 lines 16-18.

1 recorded in the companion memorandum account. SDG&E’s utilization of two-way balancing
2 account(s) accomplishes the same as any over-collection is recorded in the balancing account
3 and credited to ratepayers in the annual balancing account update Tier 2 advice letter. If under-
4 collected, the under-collection is recorded in the same account as opposed to maintaining a
5 separate memorandum account to record an under-collection thereby reducing the administrative
6 burden of maintaining two regulatory accounts whereas a two-way balancing account
7 accomplishes the same accounting with one regulatory account.

8 **A. Cal Advocates**

9 The following is a summary of Cal Advocates’ position(s) on:

- 10 • Customer Information Systems Balancing Account (CISBA) – Cal
11 Advocates recommends non-closure of the CISBA,²⁵
- 12 • Overhead Pools Balancing Account (OPBA) – Cal Advocates is opposed
13 to closing the OPBA.²⁶
- 14 • Vehicle Grid Integration Memorandum Account (VGIMA) – Cal
15 Advocates takes issue with SDG&E’s proposal to close the VGIMA.²⁷
16 Further, Cal Advocates does not oppose the closure of the Vehicle Grid
17 Integration Memorandum Account (VGIMA).²⁸
- 18 • Vehicle Grid Integration Balancing Account (VGIBA) – Cal Advocates
19 opposes closure of this account.²⁹
- 20 • Liability Insurance Premium Balancing Account (LIPBA) – Cal
21 Advocates recommends approving a one-way LIPBA for wildfire liability
22 insurance up to \$250 million. If Wildfire Liability Insurance reaches \$333

²⁵ Ex. CA-11 (Waterworth) at 59, lines 15-17; Cal Advocates CA-19 (Chia & Lee) at 28-29 (references CISBA and recommendation but refers back to Cal Advocates Ex. CA-11 (Waterworth) for all discussion). Cal Advocates did conduct its required examination of the CISBA and “recommend[ed] no adjustments to the balances of the selected regulatory account[.]” See Cal Advocates Ex. CA-19 (Chia & Lee) at 33-34.

²⁶ Ex. CA-06 (Wilson) at 20, lines 12-21.

²⁷ Ex. CA-19 (Chia & Lee) at 29, lines 19-20.

²⁸ Ex. CA-11 (Waterworth) at 12, lines 2-3.

²⁹ Ex. CA-11 (Waterworth) at 14, line 2.

1 million dollars in annual expenses, Cal Advocates recommends filing a
2 Tier 3 advice letter.³⁰

- 3 • Hydrogen Build-Ready Balancing Account (HBRBA) – Cal Advocates
4 states there is no need for SDG&E to use a two-way balancing account.³¹
- 5 • Locate and Mark Balancing Account (LMBA) – Cal Advocates opposes a
6 two-way balancing account.³²
- 7 • Litigated Project Costs Memorandum Account (LPCMA) – Cal Advocates
8 recommends that Sempra not be allowed to create the LPCMA.³³
- 9 • Research, Development, and Demonstration Balancing Account
10 (RDDDBA) – Cal Advocates takes issue with SDG&E’s proposal to create
11 the RDDDBA.³⁴ Cal Advocates takes issue with the level of spending
12 proposed, and not the creation of a new one-way balancing account as
13 proposed by SDG&E.³⁵
- 14 • Wildfire Mitigation Plan Balancing Account (WMPBA) – Cal Advocates
15 opposes the creation of a WMPBA.³⁶
- 16 • Transmission Integrity Management Plan Balancing Account (TIMPBA)
17 and Distribution Integrity Management Plan Balancing Account
18 (DIMPBA) - Cal Advocates recommends modification to the cost
19 recovery process to file an application for review of any recorded costs in
20 excess of 110% of the capital expenditure amounts authorized in this
21 decision.³⁷
- 22 • Tree Trimming Balancing Account (TTBA) and proposed Vegetation
23 Management Balancing Account (VMBA) - Cal Advocates recommends

³⁰ Ex. CA-12 (Chumack) at 11, lines 5-19

³¹ Ex. CA-09 (Younes) at 52, lines 3-7.

³² Ex. CA-02 (Sierra) at 9, lines 2-7.

³³ Ex. CA-06 (Wilson) at 14, lines 20-25.

³⁴ Ex. CA-19 (Chia & Lee) at 32, lines 10-11.

³⁵ Ex. CA-09 (Younes) at 21, lines 12-13.

³⁶ Ex. CA-07 (Kaur) at 26, lines 12-13.

³⁷ Ex. CA-20 (Hunter) at 20, lines 15-21.

1 modification to the cost recovery process to file an application for review
2 of any recorded costs in excess of 110% of the capital expenditure
3 amounts authorized in this decision.³⁸

4 **B. TURN**

5 The following is a summary of TURN's position(s) on:

- 6 • Liability Insurance Premium Balancing Account (LIPBA) - TURN
7 recommends modification of the LIPBA to require an application before
8 recovery of costs is allowed.³⁹
- 9 • Locate and Mark Balancing Account (LMBA, New Environmental
10 Regulation Balancing Account (NERBA), Electric Vehicle Infrastructure
11 Balancing Account (EVIBA), Hydrogen Build-Ready Balancing Account
12 (HBRBA), Track 2 Costs Memorandum Account (T2CMA) – TURN
13 recommends an application request to recover above-authorized costs
14 recorded in these accounts.⁴⁰
- 15 • Wildfire Mitigation Plan Balancing Account (WMPBA) – TURN
16 recommends a memorandum account for tracking such costs which shall
17 be reviewed either in a GRC or in a separately-filed application.⁴¹
- 18 • Two-way Balancing Accounts – TURN recommends to generally
19 eliminate the two-way balancing account and replace it with a one-way
20 balancing account that could be complemented with a memorandum
21 account.⁴²
- 22 • Transmission Integrity Management Plan Balancing Account (TIMPBA)
23 and Distribution Integrity Management Plan Balancing Account
24 (DIMPBA) – TURN recommends a one-way balancing account and to

³⁸ Ex. CA-20 (Hunter) at 20, lines 15-21.

³⁹ Ex. TURN-11 (Finkelstein & Ellis) at 14, lines 4-15.

⁴⁰ Ex. TURN-15 (Finkelstein) at 24, lines 10-25 and at 25, lines 1-17.

⁴¹ Ex. TURN-15 (Finkelstein) at 20, lines 13-18.

⁴² Ex. TURN-15 (Finkelstein) at 11, lines 6-11.

1 create a companion memorandum account subject to an application or
2 GRC for cost recovery.⁴³

- 3 • Tree Trimming Balancing Account (TTBA) and proposed Vegetation
4 Management Balancing Account (VMBA) – TURN recommends the
5 TTBA or its proposed replacement VMBA be a one-way balancing
6 account and create a companion memorandum account.⁴⁴
- 7 • Facilities Integrity Management Program Balancing Account (FIMPBA) –
8 TURN opposes creation of the FIMPBA.⁴⁵
- 9 • Gas Safety Enhancement Programs Balancing Account (GSEPBA) –
10 TURN opposes establishment of the GSEPBA or a one-way balancing
11 account and to create a companion memorandum account subject to an
12 application or GRC for cost recovery same TIMPBA and DIMPBA.⁴⁶

13 **C. The Federal Executive Agencies (FEA)**

14 The following is a summary of FEA’s position(s) on:

- 15 • Electric Vehicle Infrastructure Balancing Account (EVIBA) – FEA
16 recommends that these costs continue to be tracked in a memorandum
17 account.⁴⁷
- 18 • Hydrogen Build-Ready Balancing Account (HBRBA) – FEA recommends
19 that these costs continue to be tracked in a memorandum account.⁴⁸
- 20 • Locate and Mark Balancing Account (LMBA) – FEA recommends the
21 request to establish a balancing account be denied.⁴⁹

⁴³ Ex. TURN-15 (Finkelstein) at 18, lines 1-9.

⁴⁴ Ex. TURN-15 (Finkelstein) at 19, lines 14-19.

⁴⁵ Ex. TURN-15 (Finkelstein) at 22, line 14.

⁴⁶ Ex. TURN-15 (Finkelstein) at 23, lines 19-20.

⁴⁷ Ex. FEA-01 (Smith) at 48, lines 9-11.

⁴⁸ Ex. FEA-01 (Smith) at 50, lines 6-8.

⁴⁹ Ex. FEA-01 (Smith) at 54, lines 8-9.

1 **III. REBUTTAL TO PARTIES' PROPOSALS**

2 My revised direct testimony, SDG&E Exhibit-43-R, addresses a multitude of balancing
3 and memorandum accounts to which intervenors do not object. This rebuttal testimony
4 addresses only those balancing and memorandum accounts that were addressed in intervenor
5 testimony.

6 **A. Customer Information Systems Balancing Account (CISBA)**

7 **1. Cal Advocates**

8 In connection with SDG&E's request for ongoing costs associated with its recently
9 implemented Customer Information System (CIS), Cal Advocates asserts that SDG&E did not
10 provide any actual costs for 2022 and bases its test year forecast on partial year 2021 costs.⁵⁰
11 Based on this assertion, Cal Advocates recommends non-closure of the CISBA as proposed by
12 SDG&E.⁵¹ Cal Advocates' assertion reflects its misunderstanding of the CIS replacement
13 program, the on-going costs related to the now operational CIS, and the CISBA. Importantly,
14 SDG&E did not provide actual costs for 2022 because there were no actual costs for 2022. The
15 CISBA was authorized for implementation costs only and because implementation occurred in
16 2021, there are no costs included in the account for 2022. Accordingly, any on-going costs
17 associated with SDG&E's CIS, as discussed in the testimony of SDG&E witness Therese C.
18 Sacco (Ex. SDG&E-16), are not authorized to be included in the CISBA.

19 Pursuant to the CIS Replacement Program Settlement Agreement approved in Decision
20 (D.) 18-08-008, the CISBA will track actual Operating and Maintenance (O&M) costs, actual
21 capital expenditures, Allowance for Funds Used During Construction (AFUDC), and
22 Construction Work in Progress (CWIP) property taxes until the project goes into service and the
23 CISBA balance is converted to a revenue requirement.⁵² While the project was under
24 development and not yet in service, the CISBA served as a tracking only account and did not
25 post to the SDG&E general ledger. Once the project went into service, the CISBA balance was
26 converted into a revenue requirement for recovery in rates.⁵³ The CISBA was authorized in

⁵⁰ Ex. CA-11 (Waterworth) at 59, lines 14-15.

⁵¹ Ex. CA-11 (Waterworth) at 59, lines 15-17.

⁵² See Ex. SDG&E-16 (Sacco) at TCS-5.

⁵³ Ex. SDG&E-16 (Sacco) at TCS-5.

1 D.18-08-008, in accordance with the Settlement Agreement, which specified that only
2 implementation costs can be recorded in the account.⁵⁴ As the new CIS is now live (see below),
3 SDG&E is no longer authorized to record ongoing O&M costs for the CIS in the CISBA.

4 The new CIS went live in April of 2021 and amortization of the revenue requirement into
5 rates was approved on February 10, 2022.⁵⁵ The CISBA account is closed to new charges in
6 SDG&E's financial records and ongoing O&M costs for the CIS are not currently charged to the
7 CISBA as discussed above.

8 SDG&E requests that the CISBA accounts be closed effective December 31, 2023, and
9 any remaining balance be transferred to the Electric Distribution Fixed Cost Account (EDFCA)
10 for electric and the Core Fixed Cost Account (CFCA) and Noncore Fixed Cost Account (NFCA)
11 for gas.

12 **B. Overhead Pools Balancing Account (OPBA)**

13 **1. Cal Advocates**

14 Cal Advocates is opposed to closure of the OPBA as Cal Advocates will not be directly
15 involved in SDG&E's final calculations for the Overhead Pools forecasts.⁵⁶ However, SDG&E
16 contends that the Commission has already ruled on this issue in the last GRC. The OPBA was
17 established in the 2019 general rate case to evaluate the account for ratemaking purposes over
18 the entire cycle covered by the Test-Year (TY) 2019 GRC.⁵⁷ For further information discussion
19 of the OPBA please see Electric Distribution – Capital revised direct testimony (Ex. SDG&E-11)
20 of Oliva Reyes. SDG&E proposes to close the OPBA when the TY 2024 GRC proceeding
21 concludes.

22 **C. Vehicle Grid Integration Memorandum Account (VGIMA)**

23 **1. Cal Advocates**

24 Cal Advocates witnesses Sophie Chia and Joyce Lee appear to have mistakenly testified
25 that Cal Advocates opposes closure of the VGIMA. In their testimony at Exhibit CA-19, they
26 cite to both Exhibit CA-06 and Exhibit CA-11 for further discussion of Cal Advocates' position

⁵⁴ See D.18-08-008 at 9-10.

⁵⁵ See Advice Letters 3899-E/3039-G, approved and effective February 10, 2022.

⁵⁶ Ex. CA-06 (Wilson) at 20, lines 12-21.

⁵⁷ D.19-09-051 at Ordering Paragraph (OP) 17.

1 on closure of VGIMA.⁵⁸ The issue is not addressed in Exhibit CA-06 (Wilson). And in Exhibit
2 CA-11, Cal Advocates states that it *does not oppose* closure of the VGIMA.⁵⁹ Accordingly,
3 SDG&E submits that there is no opposition to the closure of the VGIMA.⁶⁰

4 **D. Vehicle Grid Integration Balancing Account (VGIBA)**

5 **1. Cal Advocates**

6 Cal Advocates opposes closure of the VGIBA and recommends an audit of the account
7 and the reasonableness of including \$3.5 million due to unforeseen costs.⁶¹

8 The electric VGIBA is a one-way interest-bearing balancing account authorized to record
9 the revenue requirement and incremental costs associated with implementation of the 2016 VGI
10 Pilot Program.⁶² When the TY 2024 GRC proceeding concludes, SDG&E proposes to transfer
11 the December 31, 2023 VGIBA balance to the EDFCA for inclusion in the next available rate
12 change, and to close the VGIBA thereafter.⁶³ The Clean Transportation direct testimony of
13 Jennifer L. Reynolds (Ex. SDG&E-21)⁶⁴ discusses the \$3.5 million in unforeseen costs.

14 Cal Advocates argues that the Commission authorized \$45M and no more.⁶⁵ This
15 understanding of the VGIBA is incorrect and contrary to Commission decision. Decision 16-01-
16 045 regarding the VGI application states as follows: “The alternative VGI program terms
17 authorizes and approves a \$45 million start-up budget, plus cost recovery through future general
18 rate case proceedings for justified capital and operations and maintenance expenses, for San
19 Diego Gas & Electric Company (SDG&E) to implement the ‘2016 Vehicle VGI Pilot Program’ .
20 . . .”⁶⁶ As provided for in the D.16-01-045, the Commission contemplated and plainly stated that

⁵⁸ Ex. CA-19 (Chia & Lee) at 5 and 29, respectively.

⁵⁹ Ex. CA-11 (Waterworth) at 12, lines 2-3.

⁶⁰ When the TY 2024 GRC proceeding concludes, SDG&E proposes to transfer the December 31, 2023 VGIMA electric undercollected balance to the EDFCA for inclusion in the next available rate change, and to close the VGIMA thereafter.

⁶¹ Ex. CA-11 (Waterworth) at 12-14.

⁶² Ex. SDG&E-43-R (Kupfersmid) at JK-8.

⁶³ *Id.*

⁶⁴ Please note that sponsorship of Ex. SDG&E-21 has been assumed by SDG&E witness, Christopher Faretta.

⁶⁵ Ex. CA-11 (Waterworth) at 12-14.

⁶⁶ D.16-01-045 at 181, OP 3(a).

1 the \$45 million was a “start-up budget” only, and not the entire cost to ratepayers of the revenue
2 requirement associated with the program. Indeed, the relevant ordering paragraph specifically
3 states that it is a “\$45 million start-up budget, *plus* cost recovery through future general rate case
4 proceedings. . . .”⁶⁷ Capital-related projects have associated capital-related costs (*i.e.*, taxes and
5 return) which are included when calculating a revenue requirement and therefore will increase
6 the total revenue requirement above the amount spent on capital-related projects. Accordingly,
7 SDG&E is seeking cost recovery of reasonable costs associated with the project, as discussed in
8 the Clean Transportation direct testimony of Jennifer L. Reynolds (Ex. SDG&E-21) and of the
9 VGIBA.

10 **E. Liability Insurance Premium Balancing Account (LIPBA)**

11 **1. Cal Advocates**

12 “Cal Advocates recommends approving a one-way LIPBA for wildfire liability insurance
13 up to \$250 million. . . . If spending is over \$250 million, but less than \$333 million, Sempra
14 should file a Tier 2 advice letter with justification and support for exceeding the \$250 million
15 cap. If Wildfire Liability Insurance reaches \$333 million dollars in annual expenses, Cal
16 Advocates recommends Sempra file a Tier 3 advice letter where all of the expenses shall be
17 subject to a reasonableness review.”⁶⁸ Testimony rebutting Cal Advocates’ arguments regarding
18 SDG&E’s LIPBA is provided in Corporate Center - Insurance witness Dennis J. Gaughan (Ex.
19 SCG-224/SDG&E-228). Please see my revised direct testimony at Ex. SDG&E-43-R for
20 SDG&E’s recommended accounting treatment.⁶⁹

21 **2. TURN**

22 TURN argues that “the Commission modify the LIPBA to require the utility[y] to make
23 an actual showing of reasonableness before recovery of above-authorized costs will be
24 allowed.”⁷⁰ TURN further recommends that, in instances where the utility has experienced
25 claims against a specific insurance contract, that such review should be by application.⁷¹
26 However, for wildfire liability insurance, since there have been no recent claims, that “the

⁶⁷ *Id.* (emphasis added).

⁶⁸ Ex. CA-12 (Chumack) at 11, lines 5-19

⁶⁹ Ex. SDG&E-43-R (Kupfersmid) at JK-12 – JK-13.

⁷⁰ Ex. TURN-11 (Finkelstein & Ellis) at 14.

⁷¹ *Id.*

1 current practice of relying on a Tier 2 advice letter could continue so long as there continue to be
2 no wildfire claims.”⁷²

3 SDG&E has proposed a two-way balancing account.⁷³ SDG&E’s proposed recovery via
4 the annual regulatory account update Tier 2 advice letter facilitates timely resolution of
5 Commission review without requiring the full procedural process required by a separate
6 application. Contrary to TURN’s position, a Tier 2 advice letter does require review by the
7 Energy Division and is subject to potential protests from other parties.⁷⁴ The Tier 2 AL process
8 proposed by SDG&E allows for proper checks on spending while reducing administrative burden
9 and costs and while providing timely recovery of funds needed for SDG&E to continue to invest
10 in providing safe and reliable service to our customers.

11 **F. Hydrogen Build-Ready Balancing Account (HBRBA)**

12 **1. Cal Advocates**

13 Cal Advocates recommends a one-way balancing account should the Commission
14 approve cost recovery for this program.⁷⁵ SDG&E has conceded to change its request to create
15 the electric HBRBA from a two-way balancing account to a one-way balancing account recorded
16 on SDG&E’s financial statements. For details of the Hydrogen Build Ready Infrastructure
17 program, please see the revised direct testimony and rebuttal testimony of SDG&E witness
18 Fernando Valero on Clean Energy Innovations (Ex. SDG&E-15-R and SDG&E-215).

19 **2. TURN**

20 TURN recommends that the reject SDG&E’s balancing account proposal for the
21 Hydrogen Build Ready Infrastructure program and instead require a full application supported by
22 evidence for any undercollection associated with the underlying program.⁷⁶ SDG&E’s proposed
23 recovery via the annual regulatory account update Tier 2 advice letter facilitates timely
24 resolution of Commission review without requiring the full procedural process required by a

⁷² *Id.*

⁷³ Ex. SDG&E-43-R (Kupfersmid) at JK-12 – JK-13.

⁷⁴ *See* General Order 96-B at General Rule 7.4.2 (Grounds for Protest), General Rule 7.6.1 (Industry Division Disposition of Advice Letters) and Energy Industry Rule 5.2 (Matters Appropriate to Tier 2 (Effective After Staff Approval)).

⁷⁵ Ex. CA-09 (Younes) at 52, lines 3-7.

⁷⁶ Ex. TURN-15 (Finkelstein) at 24, lines 10-25, and at 25, lines 1-17.

1 separate application. Contrary to TURN’s position, a Tier 2 advice letter does require a
2 reasonableness review by the Industry Division and potential protests from other parties.⁷⁷ The
3 Tier 2 AL process proposed by SDG&E allows for proper checks on spending while reducing
4 administrative burden and costs and while providing timely recovery of funds needed for
5 SDG&E to continue to invest in providing safe and reliable service to our customers.

6 **3. FEA**

7 FEA recommends that costs associated with the Hydrogen Build Ready Infrastructure
8 program be tracked in a memorandum account, rather than a balancing account, so that they can
9 be reviewed for reasonableness.⁷⁸

10 SDG&E has conceded to Cal Advocates to change its request for a two-way balancing
11 account to a one-way balancing account to create the electric HBRBA; as a one-way interest-
12 bearing balancing account recorded on SDG&E’s financial statements. Please see Clean Energy
13 Innovations rebuttal testimony of Fernando Valero (Ex. SDG&E-215). SDG&E maintains that a
14 balancing account would be preferable to provide SDG&E with a level of revenue to fund clean
15 energy initiatives such as those proposed.

16 **G. Locate and Mark Balancing Account (LMBA)**

17 **1. Cal Advocates**

18 Cal Advocates opposes the two-way LMBA balancing account for TY 2024, arguing that
19 the GRC forecasts should provide adequate funding for these activities.⁷⁹

20 The authorized revenue requirement to be adopted in this TY 2024 GRC and actual
21 expenses incurred are discussed in Gas Distribution revised direct testimony (Ex. SDG&E-04-R)
22 of L. Patrick Kinsella.

23 As stated in my revised direct testimony,

24 SDG&E proposes to create electric and gas LMBAs as two-way,
25 interest-bearing balancing accounts recorded on SDG&E’s
26 financial statements. The purpose of the LMBA is to record the
27 difference between the authorized revenue requirement to be
28 adopted in this TY 2024 GRC and actual expenses incurred as

⁷⁷ See General Order 96-B at General Rule 7.4.2 (Grounds for Protest), General Rule 7.6.1 (Industry Division Disposition of Advice Letters) and Energy Industry Rule 5.2 (Matters Appropriate to Tier 2 (Effective After Staff Approval)).

⁷⁸ Ex. FEA-01 (Smith) at 50, lines 6-8.

⁷⁹ Ex. CA-02 (Sierra) at 9, lines 2-7.

1 discussed in the Gas Distribution testimony of L. Patrick Kinsella
2 (Ex. SDG&E-04). SDG&E proposes to amortize the balance in the
3 LMBA in customer rates in connection with the annual regulatory
4 account update advice letter filing.⁸⁰

5 Utilizing a two-way balancing account to provide for revenue needed for SDG&E to
6 maintain safe and reliable service does not limit the Commission's ability to scrutinize and
7 review the recorded balances in the respective account. By filing the annual regulatory account
8 update Tier 2 advice letter, SDG&E's revenue, and over-collection or under-collection recorded
9 in the balancing account are reviewed by the Commission, which provides for timely cost
10 recovery for amounts spent to maintain safe and reliable service while providing credit to
11 ratepayers for previously authorized, but unspent funds.

12 **2. TURN**

13 TURN recommends that the Commission reject the SDG&E's proposal for a two-way
14 balancing account and instead require an application for recovery of any undercollection
15 associated with the underlying program.⁸¹ SDG&E contends that this is unnecessary.

16 SDG&E's proposed recovery via the annual regulatory account update Tier 2 advice
17 letter facilitates timely resolution of Commission review without requiring the full procedural
18 process required by a separate application. Contrary to TURN's position, a Tier 2 advice letter
19 does require a reasonableness review by the Industry Division and potential protests from other
20 parties.⁸² The Tier 2 AL process proposed by SDG&E allows for proper checks on spending
21 while reducing administrative burden and costs and while providing timely recovery of funds
22 needed for SDG&E to continue to invest in providing safe and reliable service to our customers.

23 **3. FEA**

24 FEA recommends that the Company's request to establish the LMBA be denied. FEA
25 further recommends that if the Commission is inclined to allow a recording mechanism for these

⁸⁰ Ex. SDG&E-43-R (Kupfersmid) at JK-23.

⁸¹ Ex. TURN-15 (Finkelstein) at 24, lines 10-25, and at 25, lines 1-17.

⁸² See General Order 96-B at General Rule 7.4.2 (Grounds for Protest), General Rule 7.6.1 (Industry Division Disposition of Advice Letters) and Energy Industry Rule 5.2 (Matters Appropriate to Tier 2 (Effective After Staff Approval)).

1 costs, that these costs be tracked in a memorandum account so that they can be reviewed for
2 reasonableness.⁸³

3 Utilizing a two-way balancing account to provide for revenue needed for SDG&E to
4 maintain safe and reliable service does not limit the Commission’s ability to scrutinize and
5 review the recorded balances in the respective account. The purpose of the LMBA is to record
6 the difference between the authorized revenue requirement to be adopted in this TY 2024 GRC
7 and actual expenses incurred. By filing the annual regulatory account update Tier 2 advice letter,
8 SDG&E’s revenue, and over-collection or under-collection recorded in the balancing account are
9 reviewed by the Commission and which provides for timely cost recovery for amounts spent to
10 maintain safe and reliable service while providing credit to ratepayers for previously authorized
11 funds unspent.

12 **H. Litigated Project Costs Memorandum Account (LPCMA)**

13 **1. Cal Advocates**

14 Cal Advocates recommends that Sempra not be allowed to create the LPCMA.⁸⁴
15 Additional information related to the project costs eligible for recordation in the LPCMA is
16 discussed in Electric Distribution Capital rebuttal testimony (Ex. SDG&E-211) of Oliva Reyes,
17 Gas Distribution rebuttal testimony (Ex. SDG&E-204) of L. Patrick Kinsella, and the Gas
18 Transmission Operations & Construction rebuttal Testimony (Ex. SDG&E-206) of Rick Chiapa
19 and Steve Hruby.

20 **I. Research, Development, and Demonstration Balancing Account (RDDBA)**

21 **1. Cal Advocates**

22 Cal Advocates takes issue with SDG&E’s proposal to create the RDDBA.⁸⁵ Cal
23 Advocates takes issue with the level of spending proposed, and not the creation of a new one-
24 way balancing account as proposed by SDG&E.⁸⁶

25 As stated in my revised direct testimony,

26 SDG&E proposes to create the electric RDDBA as a one-way
27 interest-bearing balancing account recorded on SDG&E’s financial

⁸³ Ex. FEA-01 (Smith) at 54, lines 8-9.

⁸⁴ Ex. CA-06 (Wilson) at 14, lines 20-25.

⁸⁵ Ex. CA-19 (Chia & Lee) at 32, lines 10-11.

⁸⁶ Ex. CA-09 (Younes) at 21, lines 12-13.

1 statements. The purpose of this account is to record the difference
2 between the authorized revenue requirement to be adopted in this
3 TY 2024 GRC and actual expenses incurred associated with the
4 RD&D program. ... Any over or undercollected balance at the end
5 of each year within the GRC cycle will be carried over to the
6 following year. For any unspent RD&D funds at the end of the
7 current GRC cycle, SDG&E will propose in its next GRC
8 proceeding to return the unspent funds in rates to customers.
9 Overspent funds may not be recovered from ratepayers and
10 shareholders will absorb the balance in the event actuals expenses
11 exceed authorized levels.⁸⁷

12 The revenue requirement sought in this TY 2024 GRC and actual expenses incurred
13 associated with the RD&D program, called the Innovation Technology Development program,
14 are discussed in the Clean Energy Innovations revised direct testimony of Fernando Valero (Ex.
15 SDG&E-15-R).

16 **J. Wildfire Mitigation Plan Balancing Account (WMPBA)**

17 **1. Cal Advocates & TURN**

18 Cal Advocates and TURN oppose the creation of a WMPBA. Cal Advocates maintains
19 that O&M and capital costs associated with the implementation of the WMP should continue to
20 be recorded in the WMPMA.⁸⁸ TURN recommends the Commission establish a memorandum
21 account for tracking such costs which shall be reviewed either in a GRC or in a separately-filed
22 application.⁸⁹

23 As stated in my revised direct testimony,

24 SDG&E proposes to create electric and gas WMPBAs as two-way
25 interest-bearing balancing accounts recorded on SDG&E's
26 financial statements. The purpose of the WMPBA is to record
27 costs incurred to implement SDG&E's Commission-approved
28 Wildfire Mitigation Plan and its balance reflects those costs net of
29 revenue requirement authorized in this TY 2024 GRC as discussed
30 in the Wildfire Mitigation and Vegetation Management testimony
31 of Jonathan T. Woldemariam (EX. SDG&E-13).⁹⁰

⁸⁷ Ex. SDG&E-43-R (Kupfersmid) at JK-24.

⁸⁸ Ex. CA-07 (Kaur) at 26, lines 12-14.

⁸⁹ Ex. TURN-15 (Finkelstein) at 20, lines 13-18.

⁹⁰ Ex. SDG&E-43-R (Kupfersmid) at JK-25.

1 A two-way balancing account provides a level of revenue needed for SDG&E to provide
2 safe and reliable service at a reasonable cost while providing recovery of costs above the level
3 approved in the GRC or return to ratepayers excess revenues collected which are greater than
4 costs incurred.

5 **K. Electric Vehicle Infrastructure Balancing Account (EVIBA)**

6 **1. TURN**

7 TURN recommends an application request to recover above-authorized costs recorded in
8 the EVIBA.⁹¹

9 SDG&E's proposed recovery via the annual regulatory account update Tier 2 advice
10 letter facilitates timely resolution of Commission review without a separate application thereby
11 reducing administrative burden and costs while providing timely recovery of funds needed for
12 SDG&E to continue to invest in providing safe and reliable service to our customers.

13 **2. FEA**

14 FEA recommends that these costs continue to be tracked in a memorandum account.⁹²

15 As stated in my revised direct testimony,

16 SDG&E proposes to create the electric EVIBA as a two-way
17 interest-bearing balancing account recorded on SDG&E's financial
18 statements. The purpose of this account is to record the difference
19 between the authorized revenue requirement to be adopted in this
20 TY 2024 GRC and actual expenses incurred associated with
21 implementing the new EV Infrastructure Rule as discussed in the
22 Clean Transportation direct testimony (Ex. SDG&E-21) of Jennifer
23 L. Reynolds.⁹³

24 A two-way balancing account provides a level of revenue needed for SDG&E to provide
25 safe and reliable service at a reasonable cost while providing recovery of costs above the level
26 approved in the GRC or return to ratepayers excess revenues collected which are greater than
27 costs incurred. SDG&E's proposed recovery via the annual regulatory account update Tier 2
28 advice letter facilitates timely resolution of Commission review without a separate application,
29 thereby reducing administrative burden and costs while providing timely recovery of funds
30 needed for SDG&E to continue to invest in providing safe and reliable service to our customers.

⁹¹ Ex. TURN-15 (Finkelstein) at 24, lines 10-25, p. 25, lines 1-17.

⁹² Ex. FEA-01 (Smith) at 48, lines 9-11.

⁹³ Ex. SDG&E-43-R (Kupfersmid) at JK-21.

1 **L. Two-Way Balancing Accounts**

2 **1. TURN**

3 TURN makes the recommendation eliminate two-way balancing accounts as a general
4 matter and replace them with one-way balancing accounts that can be coupled with a
5 memorandum account to track above-authorized expenditures.⁹⁴

6 SDG&E maintains that its proposals to utilize, and/or continue to utilize, two-way
7 balancing accounts to provide for recovery of costs above the level approved in the GRC or
8 return to ratepayers excess revenues collected which are greater than costs incurred provides the
9 greatest transparency and accurate level of revenue needed for SDG&E to provide safe and
10 reliable service at a reasonable cost. Utilizing balancing accounts to provide for revenue needed
11 for SDG&E to maintain safe and reliable service does not limit the Commission’s ability to
12 scrutinize and review the recorded balances in the respective account(s). By filing the annual
13 regulatory account update Tier 2 advice letter, SDG&E’s revenues, over-collections, and under-
14 collections recorded in the respective balancing account(s) are all considered to develop a rate
15 which provides for cost recovery for amounts spent to maintain safe and reliable service while
16 providing credit to ratepayers for previously authorized funds unspent.

17 SDG&E’s annual regulatory account update Tier 2 advice letter facilitates timely
18 resolution of that Commission review without requiring a separate application, thereby reducing
19 administrative burden and costs while providing timely recovery of funds needed for SDG&E to
20 continue to invest in providing safe and reliable service to our customers.

21 As proposed by intervenors, replacing an existing two-way balancing account with a one-
22 way balancing account and companion memorandum account will record the expense for which
23 revenue is providing recovery in the one-way balancing account, with any potential overage
24 recorded in the companion memorandum account. SDG&E’s utilization of two-way balancing
25 account(s) accomplishes the same end, as any over-collection is recorded in the balancing
26 account and credited to ratepayers in the annual balancing account update Tier 2 advice letter. If
27 under-collected, the under-collection is recorded in the same account as opposed to maintaining a
28 separate memorandum account to record an under-collection thereby reducing the administrative
29 burden of maintaining two regulatory accounts.

⁹⁴ Ex. TURN-15 (Finkelstein) at 11, lines 6-11.

1 **M. Transmission Integrity Management Program Balancing Account (TIMPBA)**
2 **and Post-2011 Distribution Integrity Management Program Balancing**
3 **Account (DIMPBA)**

4 **1. Cal Advocates**

5 Cal Advocates recommends that the Gas Integrity Management Programs be subject to
6 two-way balancing account treatment, along with the requirement that the utility file an
7 application for reasonableness review of any recorded costs in excess of 110% of the capital
8 expenditure amounts authorized in this decision.⁹⁵ SDG&E disagrees that this change in the
9 recovery methodology and threshold are necessary. The current methodology allows for a 135%
10 threshold, which was approved in D.19-09-051, and has been administered in accordance with
11 that decision. Cal Advocates fails to provide support or any rationale for why a lower threshold
12 is required. A lower threshold will likely increase administrative costs associated with increased
13 filings. Similarly, Cal Advocates request for an application for costs in excess of 110% would
14 also unnecessarily increase administrative costs. Maintaining the current approved regime of cost
15 recovery allows for Cal Advocates or others to protest the Tier 3 advice letter filing with the
16 Commission.

17 As described in my revised direct testimony,

18 In D.19-09-051, the Commission approved the cost recovery
19 mechanism proposed by SDG&E, which included a 35% threshold
20 to differentiate filing a Tier 3 Advice Letter or separate
21 reasonableness review application to request recovery of an
22 undercollected balance in the respective balancing account. The
23 threshold is calculated by multiplying 35% by the total O&M and
24 imputed capital expenditures authorized for the entire GRC cycle.
25 For overspending up to the 35% threshold, SDG&E must file a
26 Tier 3 Advice Letter to seek recovery of the undercollected balance
27 associated with expenditures up to the 35% threshold. For
28 overspending greater than or equal to the 35% threshold, SDG&Es
29 must file a separate reasonableness review application to request
30 recovery. If SDG&E has not overspent in excess of its total
31 authorized O&M and imputed capital expenditures for the GRC
32 cycle, but an undercollection exists in the balancing account due to
33 compounding of the actual capital revenue requirements recorded
34 to the balancing account, SDG&E will incorporate the
35 undercollected balance in its annual regulatory account update
36 filing advice letter for recovery in the following year's gas

⁹⁵ Ex. CA-20 (Hunter) at 20, lines 15-21.

1 transportation rates. If a net overcollection exists at the end of the
2 GRC cycle, SDG&E requests to refund the balance in customers'
3 gas transportation rates in connection with its annual regulatory
4 account update filing. SDG&E requests to continue this cost
5 recovery mechanism for the TY 2024 GRC cycle.⁹⁶

6 **2. TURN**

7 TURN recommends a one-way balancing account and to create a companion
8 memorandum account subject to an application or GRC for cost recovery.⁹⁷

9 As proposed by TURN, replacing an existing two-way balancing account with a one-way
10 balancing account and companion memorandum account. SDG&E's utilization of a two-way
11 balancing account accomplishes the same end because any over-collection is recorded in the
12 balancing account and credited to ratepayers in the annual balancing account update Tier 2
13 advice letter, which is the same process as a one-way balancing account. If the two-way
14 balancing account is under-collected, the under-collection is recorded in the same account as
15 opposed to maintaining a separate memorandum account to record an under-collection thereby
16 reducing the administrative burden of maintaining two regulatory accounts.

17 **N. Tree Trimming Balancing Account (TTBA) or its proposed replacement**

18 **1. Cal Advocates**

19 Cal Advocates recommends that the Wildfire Mitigation Program be subject to two-way
20 balancing account treatment, along with the requirement that the utility file an application for
21 reasonableness review of any recorded costs in excess of 110% of the capital expenditure
22 amounts authorized in this decision.⁹⁸ SDG&E disagrees that this change in the recovery
23 methodology and threshold are necessary. The current methodology allows for a 135%
24 threshold, which was approved in D.19-09-051, and has been administered in accordance with
25 that decision. Cal Advocates fails to provide support or any rationale for why a lower threshold
26 is required. A lower threshold will likely increase administrative costs associated with increased
27 filings. Similarly, Cal Advocates request for an application for costs in excess of 110% would
28 also unnecessarily increase administrative costs. Maintaining the current approved regime of cost

⁹⁶ Ex. SDG&E-43-R (Kupfersmid) at JK-20 – JK-21.

⁹⁷ Ex. TURN-15 (Finkelstein) at 18, lines 1-9.

⁹⁸ Ex. CA-20 (Hunter) at 20, lines 15-21.

1 recovery allows for Cal Advocates or others to protest the Tier 3 advice letter filing with the
2 Commission.

3 In D.19-09-051, the Commission approved the cost recovery mechanism proposed by
4 SDG&E, which included a 35% threshold to differentiate filing a Tier 3 Advice Letter or
5 separate application to request recovery of an undercollected balance in the respective balancing
6 account. The threshold is calculated by multiplying 35% by the authorized revenue requirement.
7 For overspending up to the 35% threshold, SDG&E must file a Tier 3 Advice Letter to seek
8 recovery of the undercollected balance associated with expenditures up to the 35% threshold.
9 For overspending greater than or equal to the 35% threshold, SDG&E must file a separate
10 application to request recovery. For further details on modifications to the TTBA, please refer to
11 the Wildfire Mitigation and Vegetation Management revised direct testimony (Ex. SDG&E-13-
12 2-R) of Jonathan T. Woldemariam.

13 2. TURN

14 TURN recommends the TTBA or its proposed replacement, the VMBA, be a one-way
15 balancing account.⁹⁹ Further, TURN recommends a companion Vegetation Management
16 Memorandum Account (VMMA) to the extent the Commission grants SDG&E the ability to
17 seek above-authorized spending on vegetation management activities, with later review in a
18 reasonableness review application.¹⁰⁰

19 As described in my revised direct testimony,

20 [t]he electric TTBA is an interest-bearing two-way balancing
21 account, effective January 1, 2019, that is recorded on SDG&E's
22 financial statements.¹⁰¹ The purpose of the TTBA is to record
23 certain actual tree trimming costs and associated authorized
24 revenues. SDG&E proposes to continue the TTBA for TY 2024
25 GRC cycle as well as modify the title to "Vegetation Management
26 Balancing Account" to be consistent with other IOUs. SDG&E
27 also proposes to include costs related to pole brushing in the
28 balancing account which are currently being captured in WMPMA.
29 For further details on modifications to the TTBA, please refer to
30 the Wildfire Mitigation and Vegetation Management [revised

⁹⁹ Ex. TURN-15 (Finkelstein) at 19.

¹⁰⁰ *Id.*

¹⁰¹ D.19-09-051 at OP 8(b).

1 direct] testimony of Jonathan T. Woldemariam (Ex. SDG&E-13[-
2 2R)].¹⁰²

3 As proposed by TURN, replacing an existing two-way balancing account with a one-way
4 balancing account and companion memorandum account will record the expense for which
5 revenue is providing recovery in the one-way balancing account, with any potential overage
6 recorded in the companion memorandum account. SDG&E's utilization of a two-way balancing
7 account accomplishes the same as any over-collection is recorded in the balancing account and
8 credited to ratepayers in the annual balancing account update Tier 2 advice letter. If under-
9 collected, the under-collection is recorded in the same account as opposed to maintaining a
10 separate memorandum account to record an under-collection thereby reducing the administrative
11 burden of maintaining two regulatory accounts whereas a two-way balancing account
12 accomplishes the same accounting with one regulatory account.

13 Moreover, SDG&E contends that an application for reasonableness review is
14 unnecessary. SDG&E's proposed recovery via the annual regulatory account update Tier 2
15 advice letter facilitates timely resolution of Commission review without requiring the full
16 procedural process required by a separate application. Contrary to TURN's position, a Tier 2
17 advice letter does require a reasonableness review by the Industry Division and potential protests
18 from other parties.¹⁰³ The Tier 2 AL process proposed by SDG&E allows for proper checks on
19 spending while reducing administrative burden and costs and while providing timely recovery of
20 funds needed for SDG&E to continue to invest in providing safe and reliable service to our
21 customers.

22 **O. Facilities Integrity Management Program Balancing Account (FIMPBA)**

23 **1. TURN**

24 TURN opposes creation of the FIMPBA.¹⁰⁴

25 As discussed in my revised direct testimony,

26 SDG&E proposes to create the gas FIMPBA as a two-way interest-
27 bearing balancing account recorded on SDG&E's financial

¹⁰² Ex. SDG&E-43-R (Kupfersmid) at 21.

¹⁰³ See General Order 96-B at General Rule 7.4.2 (Grounds for Protest), General Rule 7.6.1 (Industry Division Disposition of Advice Letters) and Energy Industry Rule 5.2 (Matters Appropriate to Tier 2 (Effective After Staff Approval)).

¹⁰⁴ Ex. TURN-15 (Finkelstein) at 22, line 14.

1 statements. The purpose of the FIMPBA is to record the difference
2 between the authorized revenue requirement to be adopted in this
3 TY 2024 GRC and actual expenses incurred associated with the
4 Facilities Integrity Management Program as discussed in the Gas
5 Integrity Management Programs [revised direct] testimony of Amy
6 Kitson and Travis Sera (Ex. SDG&E-09-[R]) and Post-Test Year
7 Ratemaking [revised direct] testimony of [Melanie Hancock (Ex.
8 SDG&E-45-R)]. SDG&E proposes to amortize the balance in the
9 FIMPBA using the same cost recovery mechanism with a 35%
10 threshold as described above for the TIMPBA and DIMPBA and
11 approved in D.19-09-051.¹⁰⁵

12 SDG&E maintains that its proposals to utilize two-way balancing accounts to provide for
13 recovery of costs above the level approved in the GRC or return to ratepayers excess revenues
14 collected which are greater than costs incurred provides the greatest transparency and accurate
15 level of revenue needed for SDG&E to provide safe and reliable service at a reasonable
16 cost. Utilizing balancing accounts to provide for revenue needed for SDG&E to maintain safe
17 and reliable service does not limit the Commission’s ability to scrutinize and review the recorded
18 balances in the respective account. By filing the annual regulatory account update Tier 2 advice
19 letter, SDG&E’s revenue and over-collection or under-collection recorded in the balancing
20 account are all considered and which provides for cost recovery for amounts spent to maintain
21 safe and reliable service while providing credit to ratepayers for previously authorized funds
22 unspent.

23 **P. Gas Safety Enhancement Programs Balancing Account (GSEPBA)**

24 **1. TURN**

25 TURN opposes establishment of the GSEPBA or a one-way balancing account and to
26 create a companion memorandum account subject to an application or GRC for cost recovery
27 same TIMPBA and DIMPBA.¹⁰⁶

28 SDG&E proposes to create the gas GSEPBA as a two-way, interest-bearing balancing
29 account recorded on SDG&E’s financial statements. The purpose of this account is to record the
30 difference between the authorized revenue requirement to be adopted in this TY 2024 GRC and
31 actual expenses associated with new gas rules and regulations that are not recovered in any other

¹⁰⁵ Ex. SDG&E-43-R (Kupfersmid) at JK-21 – JK-22.

¹⁰⁶ Ex. TURN-15 (Finkelstein) at 23, lines 19-20, and at 24, lines 1-3.

1 regulatory accounts and are incurred as of January 1, 2024, as sponsored in the Gas Integrity
2 Management Programs revised direct testimony of Amy Kitson and Travis Sera (Ex. SDG&E-
3 09-R) and Post-Test Year Ratemaking revised direct testimony of Melanie Hancock (Ex.
4 SDG&E-45-R). SDG&E proposes to amortize the balance in the GSEPBA using the same cost
5 recovery mechanism with a 35% threshold as described above for the TIMPBA and DIMPBA
6 and approved in D.19-09-051.

7 As discussed in Ex. SDG&E-09-R (Kitson & Sera), certain regulations which SDG&E is
8 monitoring are expected to become effective mid-GRC cycle, requiring SDG&E to perform
9 additional work that cannot be forecasted as part of this GRC. SDG&E requests to establish new
10 subaccounts under the GSEPBA through the submission of a Tier 2 advice letter filing. A Tier 2
11 advice letter filing is reasonable because it will allow SDG&E to track incremental costs incurred
12 as a result of new gas rules and regulations in a timely manner as the new regulations become
13 effective mid-GRC cycle, requiring the utilities to commence additional work prior to the start of
14 SDG&E's next GRC cycle.

15 A two-way balancing account provides a level of revenue needed for SDG&E to provide
16 safe and reliable service at a reasonable cost while providing recovery of costs above the level
17 approved in the GRC or return to ratepayers excess revenues collected which are greater than
18 costs incurred.

19 As proposed by TURN, replacing an existing two-way balancing account with a one-way
20 balancing account and companion memorandum account will record the expense for which
21 revenue is providing recovery in the one-way balancing account, with any potential overage
22 recorded in the companion memorandum account. SDG&E's utilization of a two-way balancing
23 account accomplishes the same as any over-collection is recorded in the balancing account and
24 credited to ratepayers in the annual balancing account update Tier 2 advice letter. If under-
25 collected, the under-collection is recorded in the same account as opposed to maintaining a
26 separate memorandum account to record an under-collection thereby reducing the administrative
27 burden of maintaining two regulatory accounts whereas a two-way balancing account
28 accomplishes the same accounting with one regulatory account.

1 **Q. New Environmental Regulation Balancing Account (NERBA excluding**
2 **NGLAP subaccount)**

3 **1. TURN**

4 The electric and gas NERBA are two-way, interest-bearing balancing accounts, with
5 subaccounts, for purposes of recording environmental-related costs, the balance of which are
6 disposed of through various advice letter processes, as described in more detail in my revised
7 direct testimony continuation of the applicable advice letter processes, TURN recommends an
8 application request to recover above-authorized costs recorded in these accounts.¹⁰⁷

9 The advice letter process, facilitates timely resolution of Commission review without
10 requiring the full procedural process necessitated by a separate application, thereby reducing
11 administrative burden and costs while providing adequate review as well as timely recovery of
12 funds needed for SDG&E to continue to invest in providing safe and reliable service to our
13 customers. For further discussion, please refer to the Regulatory Accounts revised direct
14 testimony of Jason Kupfersmid (Ex. SDG&E-43-R at JK-13 – JK-14).

15 **R. Track 2 Costs Memorandum Account (T2CMA)**

16 **1. TURN**

17 TURN recommends an application request to recover above-authorized costs recorded in
18 these accounts.¹⁰⁸ SDG&E is open to a one-way balancing account to recover these costs, but
19 disagrees with a requirement to file an application for recovery for the reasons discussed above.
20 For further discussion, please refer to the Electric Distribution O&M revised direct testimony of
21 Tyson Swetek (Ex. SDG&E-12-R).

22 **IV. CONCLUSION**

23 To summarize, SDG&E maintains that its proposals to utilize, and/or continue to utilize,
24 two-way balancing accounts to provide for recovery of costs above the level approved in the
25 GRC or return to ratepayers excess revenues collected which are greater than costs incurred
26 provides the greatest transparency and accurate level of revenue needed for SDG&E to provide
27 safe and reliable service at a reasonable cost.

¹⁰⁷ Ex. TURN-15 (Finkelstein) at 24, lines 10-25, and at 25, lines 1-17.

¹⁰⁸ Ex. TURN-15 (Finkelstein) at 24, lines 10-25, and at 25, lines 1-17.

1 Utilizing balancing accounts to provide for revenue needed for SDG&E to maintain safe
2 and reliable service does not weaken the Commission's ability to scrutinize and review the
3 recorded balances in the respective account(s). By filing the annual regulatory account update
4 Tier 2 advice letter, SDG&E's revenues, over-collections, and under-collections recorded in the
5 respective balancing account(s) are all considered to develop a rate which provides for cost
6 recovery for amounts spent to maintain safe and reliable service while providing credit to
7 ratepayers for previously authorized funds unspent.

8 SDG&E's annual regulatory account update Tier 2 advice letter facilitates timely
9 resolution of that Commission review thereby reducing administrative burden and costs while
10 providing timely recovery of funds needed for SDG&E to continue to invest in providing safe
11 and reliable service to our customers.

12 As proposed by intervenors, replacing an existing two-way balancing account with a one-
13 way balancing account and companion memorandum account will record the expense for which
14 revenue is providing recovery in the one-way balancing account, with any potential overage
15 recorded in the companion memorandum account. SDG&E's utilization of two-way balancing
16 account(s) accomplishes the same as any over-collection is recorded in the balancing account
17 and credited to ratepayers in the annual balancing account update Tier 2 advice letter. If under-
18 collected, the under-collection is recorded in the same account as opposed to maintaining a
19 separate memorandum account to record an under-collection thereby reducing the administrative
20 burden of maintaining two regulatory accounts whereas a two-way balancing account
21 accomplishes the same accounting with one regulatory account.

22 This concludes my prepared rebuttal testimony.

APPENDIX A

GLOSSARY OF TERMS

ACRONYM	DEFINITION
AB	Assembly Bill
ACCUMA	Avoided Cost Calculator Update Memorandum Account
AL	Advice Letter
AMI	Advanced Metering Infrastructure
CTBA	Clean Transportation Balancing Account
CCA	Community Choice Aggregator
CCAPMA	Community Choice Aggregation Procurement Memorandum Account
CCPAMA	California Consumer Privacy Act Memorandum Account
CFCA	Core Fixed Cost Account
CGBMA	Core Gas Balancing Memorandum Account
CIP	Communication Infrastructure Providers
CIS	Customer Information System
CISBA	Customer Information Systems Balancing Account
COL	Conclusions of Law
CPUC	California Public Utilities Commission
CRS	Cost Responsibility Surcharge
(D.)	Decision
DA	Direct Access
DA-CRS	Direct Access Cost Responsibility Surcharge
DACRSMA	Direct Access Cost Responsibility Surcharge Memorandum Account
DBSDMA	Dairy Biomethane Solicitation Development Memorandum Account
DDOR	Distribution Deferral Opportunity Report
DG	Distributed Generation
DGSMA	Distributed Generation Statistics Memorandum Account
DIMA	Distribution Interconnection Memorandum Account
DIMPBA	Distribution Integrity Management Program Balancing Account
ECPMA	Emergency Customer Protections Memorandum Account
ED	Electric Distribution
EDFCA	Electric Distribution Fixed Cost Account
EDTCMA	El Dorado Transition Cost Memorandum Account
EV	Electric Vehicle
EVIBA	Electric Vehicle Infrastructure Balancing Account
EVIMA	Electric Vehicle Infrastructure Memorandum Account
FERC	Federal Energy Regulatory Commission
FHPMA	Fire Hazard Prevention Memorandum Account
FIMPBA	Facilities Integrity Management Program Balancing Account
FRMMA	Fire Risk Mitigation Memorandum Account
GNA	Grid Needs Assessments
GO	General Order
GRC	General Rate Case

ACRONYM	DEFINITION
GSEPBA	Gas Safety Enhancement Programs Balancing Account
HBRBA	Hydrogen Build-Ready Balancing Account
HPWBA	Higher-Power Interim Rate Waiver Balancing Account
ICA	Integration Capacity Analysis
ICLNBMA	Integration Capacity Analysis and Locational Net Benefit Memorandum Account
IMP	Integrity Management Program
IOU	Investor Owned Utility
L1600RAMA	Line 1600 Records Audit Memorandum Account
LDAR	Leak Detection and Repair
LIP	Liability Insurance Premiums
LIPBA	Liability Insurance Premiums Balancing Account
LMBA	Locate and Mark Balancing Account
LNBA	Locational Net Benefit Analysis
LPCMA	Litigated Project Costs Memorandum Account
MMBA	Master Meter Balancing Account
MMMA	Marine Mitigation Memorandum Account
MS4	Municipal Separate Storm Sewer System
NERBA	New Environmental Regulation Balancing Account
NFCA	Noncore Fixed Cost Account
NGLAP	Natural Gas Leak Abatement Program
NGLAPBA	Natural Gas Leak Abatement Program Balancing Account
NGLAPMA	Natural Gas Leak Abatement Program Memorandum Account
O&M	Operations and Maintenance
OCM	Organizational Change Management
OCMA	Officer Compensation Memorandum Account
OP	Ordering Paragraph
OPBA	Overhead Pools Balancing Account
PBA	Pension Balancing Account
PBOP	Post-Retirement Benefits Other than Pensions
PCB	Polychlorinated Biphenyls
PG&E	Pacific Gas & Electric Company
PSEP	Pipeline Safety Enhancement Plan
PSRMA	Pipeline Safety and Reliability Memorandum Account
R&D	Research & Development
R20BA	Rule 20 Balancing Account
RR	Reasonableness Review
RD&D	Research, Development & Demonstration
RDDBA	Research, Development & Demonstration Balancing Account
RDPMA	Residential Disconnect Protections Memorandum Account
RRMA	Rate Reform Memorandum Account
SCE	Southern California Edison Company
SCG	Southern California Gas Company
SDG&E	San Diego Gas & Electric Company

ACRONYM	DEFINITION
SECCBA	Safety Enhancement Capital Cost Balancing Account
SEEBA	Safety Enhancement Expense Balancing Account
SONGS	San Onofre Nuclear Generating Station
SONGSBA	San Onofre Nuclear Generating Station Balancing Account
T2CMA	Track 2 Costs Memorandum Account
TCAP	Triennial Cost Allocation Proceeding
TCPMA	Third-Party Claims Memorandum Account
TEIBA	Tax Equity Investment Balancing Account
TIMPBA	Transmission Integrity Management Program Balancing Account
TMA	Tax Memorandum Account
TSOBA	Transition, Stabilization, and Organizational Change Management Balancing Account
TTBA	Tree Trimming Balancing Account
TTM	To The Meter
TY	Test Year
VGI	Vehicle Grid Integration
VGIBA	Vehicle Grid Integration Balancing Account
VGIMA	Vehicle Grid Integration Memorandum Account
WCPMA	Wildfire Consumer Protections Memorandum Account
WGFMA	Working Group Facilitator Memorandum Account
WMPBA	Wildfire Mitigation Plan Balancing Account
WMPMA	Wildfire Mitigation Plan Memorandum Account