

Company: San Diego Gas & Electric Company (U 902 M)
Proceeding: 2024 General Rate Case – Track 3
Application No.: A.22-05-016
Exhibit: SDG&E-T3-WPMA-09

**SUPPLEMENTAL TESTIMONY OF
JACK GUIDI
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY
(TRACK 3 – ACCOUNTING)**

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



March 2026

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1 **SUPPLEMENTAL TESTIMONY OF JACK GUIDI**
2 **ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

3
4 **I. INTRODUCTION AND QUALIFICATIONS**

5 **Q. Please state your name, position, and business address.**

6 A. My name is Jack M. Guidi. I am employed by San Diego Gas & Electric Company
7 (SDG&E) as the Director of Accounting Operations. My business address is 8680 Balboa
8 Avenue, San Diego, California 92123.

9 **Q. Please describe your current responsibilities.**

10 A. I am responsible for the Asset & Project Accounting, the Affiliate Billing and Costing,
11 the Financial Systems Client Support and Accounts Payable functions.

12 **Q. Please describe your educational and professional background.**

13 A. I received a B.S. in Business Administration (Accounting) from San Diego State
14 University. I am a Certified Public Accountant in California. I joined SDG&E/Sempra in 2007,
15 previously served as Financial and Strategic Analysis Manager at SDG&E, and held various
16 management roles in accounting, financial reporting, and SOX compliance across SDG&E and
17 Sempra affiliates. Prior to Sempra, I was an Audit Manager at PricewaterhouseCoopers, LLP.

18 **Q. Have you previously testified before this California Public Utilities Commission**
19 **(Commission or CPUC)?**

20 A. Yes, I have previously testified before the Commission.

21 **Q. Have you previously testified in this proceeding?**

22 A. Yes. I sponsored Chapter 2 (Accounting) of SDG&E's Track 3 filing and have also
23 submitted rebuttal testimony addressing intervenor testimony in this Track 3 proceeding.

24 **Q. Can you please provide a brief overview of your previous testimony in this**
25 **proceeding?**

1 A. My direct testimony presents the Track 3 revenue requirement associated with
2 incremental costs recorded to SDG&E's Wildfire Mitigation Plan Memorandum Accounts
3 (WMPMAs), explains accounting controls, overhead loading, and the methodology for
4 establishing incrementality versus SDG&E's 2019 and 2024 General Rate Case (GRC)
5 decisions. My rebuttal testimony responds to intervenors' challenges regarding the sufficiency of
6 documentation, the incrementality of labor and indirects, the treatment of 2024 expenditures
7 related to 2023 Wildfire Mitigation Plan (WMP) initiatives (including trailing costs), and the
8 alignment with CPUC ratemaking principles.

9 **II. PURPOSE OF TESTIMONY**

10 **Q. What is the purpose of your supplemental testimony, and how is it organized?**

11 A. The purpose is to: (1) explain capital expenditures versus capital additions and why
12 SDG&E's workpapers are in capital expenditures; (2) SDG&E's project authorization processes
13 and how SDG&E determined what costs should be recorded to SDG&E's WMPMAs; (3)
14 explain how SDG&E determines whether certain costs (such as repairs) are operations and
15 maintenance expense (O&M) or capital; (4) present and explain why certain Track 3 costs are
16 now being requested in SDG&E's electric WMPMA rather than the gas WMPMA; and (5)
17 present SDG&E's revised Track 3 WMPMA revenue requirement—\$766.1 million (inclusive of
18 interest) for 2023–2027 for Track 3 and SDG&E's Track 2 Drone WMPMA costs for 2019-2022
19 as provided for in Decision (D.) 26-01-021.

20 **III. CAPITAL EXPENDITURES VERSUS CAPITAL ADDITIONS**

21 **Q. What are Capital Expenditures?**

22 A. Capital Expenditures (CapEx) are the incurred costs to build or improve utility assets—
23 labor, materials, contracts, applicable overheads, and allowance for funds used during

1 construction (AFUDC)—that are accumulated in Construction Work in Progress (CWIP) until
2 the asset is complete.

3 **Q. What are Capital Additions?**

4 A. Capital Additions (CapAdds) are the costs of assets placed into service—*i.e.*,
5 accumulated costs (CapEx) transferred from CWIP to plant-in-service once assets are completed,
6 energized, and used and useful. CapAdds enter rate base and begin to accrue depreciation and
7 authorized return.

8 **Q. What is the difference between capital expenditures and capital additions?**

9 A. CapEx represents the total capital spending SDG&E incurs on projects during a given
10 period. It reflects the costs recorded to capital work orders, including labor, materials, contract
11 construction, overheads, and other capitalizable charges.

12 CapAdds, by contrast, represent the portion of those capital costs (CapEx) placed into
13 service, meaning the assets are completed, energized, and used and useful. Once added to rate
14 base, CapAdds begin to accrue depreciation and an authorized return over the life of the asset.
15 Importantly, not all CapEx recorded in a given calendar year is placed into service in that same
16 year, as projects may span multiple years before completion.

17 **Q. Can you explain the process for how CapEx becomes CapAdds?**

18 A. Yes. The transition from CapEx to CapAdds occurs through a standard utility accounting
19 workflow:

- 20 1. CapEx is recorded to a capital work order
 - 21 ○ All project costs (labor, materials, contract services, overheads)
 - 22 accumulate in CWIP.
 - 23
- 24 2. Project milestones and engineering closeout

- 1 ○ Engineering validates that construction is complete, assets meet
- 2 specification, and as-built details are documented.
- 3
- 4 3. Asset is placed in service
- 5 ○ When the asset is energized, available for system use, or otherwise
- 6 operational, the work order becomes eligible for closeout.
- 7
- 8 4. Work order closeout and accounting validation
- 9 ○ Accounting confirms capital charges are complete and appropriate.
- 10 ○ Costs are then transferred from CWIP to the appropriate plant-in-service
- 11 account.
- 12
- 13
- 14 5. At this point, the costs become CapAdds, with CapAdds reflecting the value of
- 15 new or improved infrastructure serving customers.

16 **Q. Are the capital costs in the workpapers in this proceeding capital expenditures or**
 17 **capital additions?**

18 A. The workpapers present capital expenditures and O&M.

19 **Q. Why do the workpapers contain capital expenditures?**

20 A. CapEx provides traceability of spending by initiative and by month/year. In addition, it
 21 aligns with SDG&E’s project accounting, including CWIP accumulation. This information
 22 shows when work was performed, rather than limiting the visibility to when the project was
 23 placed into service. For example, the table below shows a project that has capital expenditures of
 24 \$100 monthly from January to April. The project went in service in April, which reflects \$400
 25 all-in that month.

Month	January	February	March	April
CapEx	\$100	\$100	\$100	\$100
CapAdds				\$400

1 Tracking CapEx is thus helpful in evaluating the length of time it takes to complete a
2 capital project as well as the activities occurring in each year.

3 **Q. Is SDG&E seeking a determination that its 2023 capital expenditures—that is,**
4 **spending on the project at issue—were just and reasonable; *i.e.*, prudently incurred under**
5 **the prudent manager standard?**

6 A. Yes.

7 **Q. Is SDG&E seeking to recover its capital expenditures or capital additions?**

8 A: While SDG&E is seeking a finding that its activity was reasonable and the project
9 spending was prudently incurred, SDG&E is seeking recovery of its capital-related costs related
10 to capital additions (*i.e.*, revenue requirements or depreciation, return and income and property
11 taxes). In other words, SDG&E is requesting the revenue requirement for 2023 through 2027 and
12 is presenting the CapEx and O&M associated with that revenue requirement. As noted, while
13 CapEx represents the spending incurred during construction, these costs do not become eligible
14 for recovery until the underlying asset is completed, placed into service, and used and useful. At
15 that point, the costs are transferred from CWIP into plant-in-service as capital additions. Only
16 then do they generate depreciation, return, income taxes, and property taxes, the components of
17 the revenue requirement that SDG&E is requesting in this proceeding.

18 **Q. Why is the difference between CapEx and CapAdds important?**

19 A. The supplemental workpapers provided reflect the CapEx spending as it relates to the
20 CapAdds included in this reasonableness review. Commission ratemaking permits recovery of
21 costs for assets that are used and useful. This means that CapEx is not recorded or tracked in the
22 WMPMA. Only once assets are placed in service (CapEx is placed into service, becomes
23 CapAdds and enters rate base), will the CPUC authorize revenue collection. What is included in

1 revenue and put into rates is capital-related costs or revenue requirement (depreciation, tax, and
2 return), which are tracked in the WMPMA for recovery. Plus, as noted, SDG&E seeks a finding
3 that its capital expenditures (project spending activity) was just and reasonable and prudently
4 incurred, which then permits SDG&E to recover the resulting capital additions.

5 **Q. Are capital additions the same as rate base?**

6 A. No. CapAdds increase gross plant, which (net of accumulated depreciation and certain
7 adjustments) forms rate base. Rate base is the net investment on which the authorized return is
8 calculated.

9 **Q. How are capital additions turned into a revenue requirement?**

10 A. For assets placed in service, SDG&E calculates: depreciation, return on rate base [using
11 the authorized Weighted Average Costs of Capital (WACC)], income taxes, and property taxes.
12 These capital-related costs, combined with the recorded interest on the WMPMA balance
13 (calculated using the 3-month commercial paper rate), constitute the revenue requirement.

14 **Q. Because Track 3 focuses on 2023, has SDG&E removed 2024 CapAdds and its
15 associated CapEx from this application?**

16 A. Yes, SDG&E has removed all previously included 2024 costs from its request here.
17 Instead, consistent with D.26-01-021, SDG&E will present any 2024 and 2025 WMP costs in
18 SDG&E's next GRC. If there is any undercollection resulting from incremental WMP costs,
19 SDG&E will seek those amounts as provided for by California Public Utilities Code Section
20 8386.4.¹

21 **Q. How does removal of those 2024 costs impact the case?**

¹ D.26-01-021 at 166-167.

1 A. The removal is reflected in the workpapers, including a recalculation of the risk spend
2 efficiency (RSE) values, which can be referenced in Jonathan Woldemariam's supplemental
3 workpapers and testimony, Ex. SDG&E-T3-WMPMA-08 and SDG&E-T3-WMPMA-10. In
4 addition, the revenue requirement that SDG&E is requesting for recovery is reduced, as
5 described below.

6 **IV. CLASSIFICATION OF COSTS AS CAPITAL OR OPERATIONS &**
7 **MAINTENANCE (O&M) EXPENSE AND PROJECT AUTHORIZATION**

8 **Q. Can you please explain the difference between O&M and capital?**

9 A. O&M are day-to-day operating and maintenance expenses that do not create or extend the
10 life/capacity of an asset (*e.g.*, patrols, routine inspections). Capital are investments in long-lived
11 assets or betterments that replace major components, extend useful life, or enhance system
12 capability; these are capitalized and recovered over time.

13 **Q. How are projects authorized within SDG&E?**

14 A. Projects are authorized through a formal approval process, which includes defining the
15 project scope, developing costs estimates, and obtaining the required management review.
16 SDG&E's Approval and Commitment Policy establishes the financial and administrative
17 approval authority limits that apply to all commitments. Project approvals are documented using
18 a Work Order Authorization (WOA) or Authorization for Expenditures (AFE) to document
19 requests. Once the required approvals are obtained in accordance with the policy, the project is
20 considered authorized and work may begin.

21 **Q. What internal controls does SDG&E use to account for projects properly?**

22 A. SDG&E has a number of internal controls to support proper project accounting. For
23 internal labor, all employees submit bi-weekly timecards that are then reviewed and approved by
24 their manager. For invoices, SDG&E utilizes its aforementioned Approval and Commitment

1 Policy. As invoices are received, SDG&E routes those invoices for approval following the
2 appropriate approval authority limits. The reviewers then check the invoice is correct, compare it
3 against the contract, and approve it for posting. For warehouse materials, SDG&E uses a three-
4 way match meaning that payment is only approved once it is verified that the purchase order
5 matches the receiving document, which matches the vendor invoice.

6 **Q. How did SDG&E record costs to SDG&E's WMPMA?**

7 A. SDG&E recorded Wildfire Mitigation Plan-related costs to the WMPMA by assigning
8 all applicable charges to designated internal orders and budget codes mapped specifically to the
9 WMPMA regulatory accounts. When employees or vendors charged time, materials, or other
10 costs, those charges were charged to WMPMA internal orders and budget codes through SAP's
11 established accounting structure.

12 Costs were reviewed periodically to confirm that only wildfire-mitigation-related
13 expenditures were being recorded to the WMPMA.

14 **Q. What processes did SDG&E have to ensure that projects were properly recorded to**
15 **SDG&E's WMPMAs?**

16 A. SDG&E uses established internal accounting controls so that wildfire-mitigation project
17 costs are accurately recorded to the WMPMA. These controls include detailed cost-accounting
18 instructions, monthly budget and cost reviews by program managers and Finance, account
19 reconciliations, and Sarbanes-Oxley (SOX) controls. Costs are tracked using specific cost
20 centers, budget codes, and internal orders so that only wildfire-mitigation-related costs are
21 recorded in the WMPMA.

22 In addition, costs recorded to common accounts are allocated between CPUC and Federal
23 Energy Regulatory Commission (FERC) jurisdictions using SDG&E's established jurisdictional

1 allocation process, ensuring that only the CPUC-jurisdictional share of wildfire-mitigation costs
2 is recorded in the WMPMAs and included in SDG&E's Track 3 request.

3 Before seeking recovery, SDG&E also reviewed all recorded WMPMA costs to confirm
4 that they are incremental—meaning they would not have been incurred “but for” SDG&E's
5 wildfire-mitigation activities and are above amounts otherwise authorized or recovered through
6 other regulatory mechanisms. In addition to SDG&E's internal review, Ernst & Young (E&Y)
7 conducted an independent assessment of WMPMA-recorded costs and likewise concluded that
8 the costs, with limited exceptions, were properly supported, accurately recorded, and incremental
9 to base-rate funding.

10 **Q. How did SDG&E track each wildfire mitigation program initiative within the**
11 **WMPMAs?**

12 A. SDG&E tracked each WMP initiative using internal orders and budget codes mapped to
13 the specific Wildfire Mitigation Plan activity, so that all WMP-related O&M and capital costs
14 were categorized and recorded to the correct WMPMA accounts and aligned to the appropriate
15 O&M cost center, capital budget code, or internal order.

16 **Q. What is SDG&E's capitalization policy and/or procedure?**

17 A. SDG&E's capitalization policy establishes the criteria for determining when costs are
18 recorded as capital (plant) versus when they are expensed to O&M. In general, SDG&E
19 capitalizes the cost of new additions of plant, property, and equipment that have a useful life
20 greater than one year and that are necessary to construct, install, or prepare an asset for its
21 intended “used and useful” purpose. Costs that meet capitalization criteria are recorded to capital
22 work orders, accumulate in CWIP, and—when placed in-service— transfer to appropriate plant
23 accounts with applicable overheads (labor loaders, engineering, administrative & general (A&G))

1 expenses, etc.) applied per Commission-accepted methods (approved in SDG&E’s 2019 and
2 2024 GRC decisions).

3 **Q. What are “overhead pools” and what is SDG&E’s “approved overhead pool**
4 **methodology?”**

5 A. “Overhead pools” are collections of SDG&E’s indirect costs—costs that support multiple
6 projects or activities but cannot be economically assigned to a single job. These indirect costs
7 include labor-related overheads such as pension and benefits, incentive compensation, and
8 payroll taxes, as well as engineering, departmental overheads, A&G expenses, procurement,
9 warehouse, small tools, shop services, and other centralized support functions. As stated in my
10 Track 3 direct testimony, these costs are accumulated into overhead “pools” and then allocated to
11 applicable direct costs consistent with SDG&E’s established and Commission-approved
12 procedures.

13 SDG&E’s “approved overhead pool methodology” refers to the process by which these
14 pooled indirect costs are allocated to direct O&M and capital costs using pre-established
15 overhead allocators. The methodology follows the same approach used in SDG&E’s GRC filings
16 and is consistent with both FERC cost-allocation standards and the Commission-approved
17 overhead allocation process adopted in SDG&E’s 2019 and 2024 GRC decisions. As explained
18 in my direct and rebuttal testimonies, these overhead allocations are applied based on the type of
19 direct cost (*e.g.*, labor, contract labor, or materials) and are necessary to produce the fully loaded
20 cost used for revenue-requirement purposes.

21 **Q. Why are some repairs O&M and some repairs capital expenditures?**

1 A. Although the term “repair” suggests maintenance, many repairs in utility operations meet
2 the definition of capital improvement under CPUC accounting standards and the FERC Uniform
3 System of Accounts (USoA), which the CPUC relies on.

4 Repairs become capital when they meet one or more of the following criteria:

- 5 1. **Replacement of a major component**—If the “repair” involves replacing a
6 substantial part of a pole, conductor, transformer, or other asset, it is considered
7 an asset replacement, not routine maintenance.
8
- 9 2. **Extension of the useful life of the asset**—If the work significantly extends how
10 long the asset can remain in service, it creates long-term value and is capitalized.
11
- 12 3. **Enhancement of system capability or performance**—When the work upgrades
13 the system—for example by installing covered conductor, hardening poles, or
14 modernizing structures—it is considered betterment, which is capital by
15 definition.
16
- 17 4. **Conversion to a higher standard or design**—Many wildfire mitigation “repairs”
18 involve rebuilding to modern fire-hardening standards, which improves the
19 original asset beyond simple restoration.
20

21 Under FERC USoA, these types of improvements are properly classified to capital
22 accounts rather than O&M.

23 **V. CAPITAL VS O&M IN POLE INSPECTION AND REPLACEMENT**

24 **Q. Has SDG&E been able to separate out the cost of drone inspections from repair**
25 **costs resulting from those inspections?**

26 A: Yes. SDG&E accounts for the drone inspection activity (O&M) separately from any
27 O&M and/or capital repair or replacement work orders that result from those inspection findings,
28 providing clear distinction in the WMPMA.

29 **Q. How did SDG&E do so?**

30 A. As noted, SDG&E used internal orders and budget codes that were specifically mapped
31 to each WMP initiative. Capital budget codes are SAP project-tracking identifiers used to record

1 and monitor capital project and asset-related costs. They function as structured cost buckets so
2 that all capital expenditures—such as labor, materials, contract services, and overheads—are
3 accurately captured, distinguished from O&M activities, and reported consistently throughout the
4 project lifecycle. Internal orders are a standard SAP cost-tracking mechanism—essentially
5 unique project or activity identifiers—that allow the utility to isolate, monitor, and report costs
6 tied to a specific task, program, or regulatory requirement.

7 An internal order functions like a sub-ledger or cost bucket within SAP. When employees
8 code their time, materials, contract costs, or overhead to an internal order, SAP automatically
9 accumulates all related charges in that specific bucket. Internal orders allow costs to be:

- 10 • Tracked separately;
- 11
- 12 • Attributed to the specific WMP activity (*e.g.*, inspections, repairs, patrol
13 enhancements); and
- 14
- 15 • Reported to the correct memorandum accounts or regulatory filings.
- 16

17 To further enhance separation, SDG&E distinguished internal orders for different types
18 of work—most importantly O&M vs. Capital. For example:

- 19 • Inspections used O&M tracking internal orders, capturing operating costs such as
20 labor, patrols, and assessments.
- 21
- 22 • Repair activities, both Capital and O&M, were captured on separate internal
23 orders for each repair job including labor, material costs, and overheads.
- 24
- 25 • Replacement or upgrade work used capital work orders, ensuring that costs tied to
26 asset installation or major improvements were capitalized rather than expensed.
- 27

28 This dual layer structure—internal orders for O&M and work orders for capital—creates
29 clear delineation of cost categories and aligns expenses with the correct memorandum accounts,
30 WMP program elements, and revenue requirement classifications.

1 In summary, internal orders allowed SDG&E to directly charge or allocate
2 overhead-loaded costs to the appropriate wildfire mitigation activity, improving transparency,
3 auditability, and compliance with regulatory reporting expectations.

4 **Q. For Asset Management and Inspection costs, how does SDG&E determine what
5 constitutes capital costs and what constitutes O&M?**

6 A. Routine inspections, patrols, and minor corrective maintenance are expensed to O&M.
7 When inspections identify issues that lead to asset replacements, betterments, or life-extension
8 upgrades (*e.g.*, pole replacements/hardening, covered conductor), if the costs meet capitalization
9 criteria, they are recorded as capital.

10 **Q. When SDG&E has a pole inspection that results in a pole replacement, can you
11 explain how SDG&E separates the O&M costs for inspections from the capital costs for
12 repair or replacement of poles and other equipment?**

13 A. Yes. SDG&E records the inspection activity to an O&M internal order, which is then
14 booked to the WMPMA as O&M. If the inspection identifies a condition requiring a pole
15 replacement or other major repair, SDG&E initiates a separate capital work order. All costs
16 associated with that replacement accumulate in CWIP, receive the appropriate overhead loaders,
17 and—once the asset is placed-in-service—are transferred to plant-in-service as capital additions,
18 which then generate capital-related revenue requirements recorded in the WMPMA.

19 **Q. In that process, how does SDG&E determine what constitutes O&M and what
20 constitutes capital costs?**

21 A. SDG&E applies CPUC and FERC accounting standards to distinguish maintenance from
22 capital improvements. Using a pole inspection example:

- 23 • If the work involves routine maintenance, such as tightening hardware or
24 re-splicing a connector, the activity is considered O&M, because it restores the

1 asset to its existing operating condition without extending its life or improving its
2 capabilities.

- 3
4 • If the pole must be replaced, particularly when the replacement is installed to
5 current fire-hardening standards (*e.g.*, stronger poles, steel poles, or additional
6 protective equipment), the work is treated as capital, because it creates a new,
7 long-lived asset that provides utility service over many years and often improves
8 system resilience beyond the original condition.
9

10 Even if the triggering event was a “repair,” the nature of the work performed determines
11 the accounting treatment. When the work results in the installation of a new or materially
12 improved asset, accounting standards require that the costs be capitalized, not expensed.

13 **VI. GAS WMPMA ALLOCATIONS MOVED TO ELECTRIC WMPMA**

14 **Q. Did SDG&E have wildfire mitigation activities included and approved in its 2019**
15 **GRC proceeding?**

16 A. Yes. In the 2019 GRC Application (A.17-10-007-/008), SDG&E presented its historical
17 and forecasted costs for wildfire mitigation activities. The 2019 GRC was filed in October 2017
18 prior to the passage of Senate Bill (SB) 901 and the subsequent wildfire legislation, Assembly
19 Bill 1054.

20 **Q. After the passage of SB 901, where did SDG&E record wildfire mitigation costs?**

21 A. As part of Order Instituting Rulemaking to Implement Electric Utility Wildfire
22 Mitigation Plans Pursuant to SB 901 (2018), R.18-10-007, SDG&E filed its 2019 WMP, which
23 included SDG&E’s wildfire mitigation activities. Some of these activities were also included in
24 the 2019 GRC. The CPUC issued D.19-05-039 approving SDG&E’s 2019 WMP. Ordering
25 Paragraphs (OPs) 13 and 14 of D.19-05-039 authorized SDG&E to open memorandum accounts.
26 OP 13 specifically states:

27 San Diego Gas & Electric is authorized to open the memorandum account
28 described in Public Utilities Code Section 8386(e), which provides: ‘At the time it

1 approves each plan, the commission shall authorize the utility to establish a
2 memorandum account to track costs incurred to implement the plan.’
3

4 In accordance with D.19-05-039, SDG&E filed advice letters to open the referenced
5 memorandum accounts to record costs identified and approved in the 2019 WMP. SDG&E then
6 started recording both the WMP-related and the associated 2019 GRC authorized revenues to the
7 WMPMAs for the activities approved in WMPs. The activities identified and approved in
8 SDG&E’s 2019 WMP via D.19-05-039 had previously authorized accounting segmentation
9 practices between gas and electric distribution rates for those wildfire mitigation activities,
10 consistent with past GRCs.

11 **Q. Did the Commission Approve a Gas WMPMA for SDG&E?**

12 A. Yes. On October 31, 2019, SDG&E filed Advice Letter 3454-E/2817-G to “establish an
13 electric WMPMA” and “establish a companion version of this account to be included in
14 SDG&E’s gas tariff book.”² This Advice Letter and the establishment of the gas WMPMA was
15 approved by Energy Division. The effective date of the electric and gas WMPMAs was May 30,
16 2019.

17 **Q. Why is there a need for a Gas WMPMA?**

18 A. To clarify, there are no gas projects or programs recorded to the WMPMAs. Rather, the
19 reason a Gas WMPMA was needed is because there are wildfire mitigation activities that were
20 approved in the WMPs that benefit the SDG&E system overall. As SDG&E stated in Advice
21 Letter 3454-E/2817-G, “[t]he threat of wildfire is prevalent throughout SDG&E’s entire service
22 territory and as such, SDG&E implements wildfire risk mitigation measures that may benefit

² Advice Letter 3454-E/2817-G (October 31, 2019) at 1, approved January 23, 2020, effective May 30, 2019, available at <https://tariffsprd.sdge.com/view/filing/?utilId=SDGE&bookId=GAS&flngKey=5167&flngId=2817-G&flngStatusCd=Approved>.

1 electric and gas service. Given this, a portion of fire risk mitigation costs are appropriately
2 allocated to SDG&E’s gas customers”³ In such instances, costs that benefit both gas and electric
3 customers are classified as “common” plant under FERC accounting practices in the USoA in
4 that they generally serve the entire service territory.

5 When costs are incurred and projects are placed in-service, those common costs go
6 through a segmentation process. Since every project is unique, FERC and the Commission allow
7 utilities to apply common allocation rates instead of evaluating each and every cost recorded.
8 Those allocations are intended to match holistically costs to their appropriate functions. It does
9 not mean that every single asset is assigned gas and/or electric in its day-to-day use but is
10 holistically applied. When a cost was assigned to common that means that some portion of
11 capital-related costs or revenue requirement for that initiative is recorded in SDG&E’s electric
12 WMPMA, and some portion in SDG&E’s gas WMPMA.

13 Advice Letter 3454-E/2817-G further explained “D.19-05-039 approved some activities
14 in SDG&E’s 2019 WMP that are traditionally authorized in the GRC process to be, in part,
15 allocated to gas customers.”⁴ Thus, because SDG&E’s first WMP identified existing and
16 forecasted wildfire mitigation activities, the costs associated with those activities already had
17 certain accounting treatment. In particular, SDG&E’s 2019 GRC Decision (D.19-09-051)
18 authorized certain wildfire mitigation activities to be allocated, in part, to gas customers as
19 “common” activities under FERC accounting standards. That is, the 2019 GRC Decision
20 authorized revenues for wildfire mitigation activities for which the accounting segmentation
21 approved by the CPUC was to both the electric and gas rates. When SDG&E started recording

³ Advice Letter 3454-E/2817-G at 3, citing D.19-09-051 at 607 approving SDG&E’s shared services and shared asset billings, capital reassignment, and business segmentation processes.

⁴ *Id.*

1 the identified wildfire costs approved in WMPs to the WMPMA, SDG&E followed the 2019
2 GRC approved cost segmentation methodology that SDG&E applies today.

3 Advice Letter 3454-E/2817-G also described that it is typical practice for vertically
4 integrated utilities to open two memorandum accounts—one on the electric tariff book and
5 another on the gas tariff book.⁵ This is consistent with other wildfire events, including
6 Catastrophic Event Memorandum Account (CEMA).

7 **Q. What are examples of Track 3 costs that were recorded to the Gas WMPMA?**

8 A. General examples of common costs that were segmented to gas and electric rates are
9 transportation equipment, computer hardware, communication equipment, and software.

10 An example of the segmentation accounting practice for a WMP activity is
11 communications equipment. SDG&E purchases communication equipment like two-way
12 communication devices to support employee operations at its various sites. Some equipment may
13 be located at a powerplant while others may be used by a gas site. It would be impractical for
14 SDG&E to have to determine which segment to apply individual purchases to and therefore,
15 FERC rules and CPUC precedent allows utilities to classify these costs as common and then use
16 an allocation methodology after the fact.

17 Another example of this is firefighting helicopters. SDG&E purchased such helicopters to
18 provide rapid response to wildfires caused by the electric system. But while the primary driver of
19 purchasing the helicopter is for electric wildfire mitigation, FERC does not have an available
20 account for helicopters that is electric only. Therefore, to properly account for this asset, SDG&E
21 was required to classify it as a common asset. This accounting treatment does not negate the fact,

⁵ *Id.*

1 however, that the purpose of those firefighting helicopters was for wildfire mitigation. As noted,
2 this accounting treatment is consistent with the approach authorized in SDG&E's 2019 GRC.

3 **Q. Has SDG&E now moved those Track 3 costs from SDG&E's gas WMPMA to its**
4 **electric WMPMA?**

5 A. Yes.

6 **Q. Why did SDG&E move those Track 3 costs from SDG&E's gas WMPMA to its**
7 **electric WMPMA?**

8 A. After conducting a thorough review of the 2023 recorded wildfire mitigation costs,
9 SDG&E determined that the activities and associated expenditures support and benefit electric
10 operations and electric customers through wildfire mitigation. Because the costs were incurred to
11 mitigate wildfire risk related to the electric system—rather than the gas system—it was
12 appropriate to reclassify the costs from the gas WMPMA to the electric WMPMA to ensure
13 proper cost allocation and customer alignment. This adjustment is consistent with cost-causation
14 principles and that only the customers who benefit from the wildfire-mitigation work are
15 assigned the costs.

16 Moreover, in D.26-01-021, the Commission denied SDG&E's Track 2 request for "gas
17 capital-related costs for capital projects put into service between 2019-2022," because SDG&E
18 "failed to meet its burden of proof to demonstrate their connection to wildfire mitigation."⁶ In
19 light of that Decision, SDG&E believes that the accounting allocation treatment of a portion of
20 those capital projects into a gas-allocated WMPMA obscures the fact that the underlying
21 programs' purpose is for wildfire mitigation on SDG&E's electrical system. Again, as noted,
22 merely because SDG&E allocated those costs consistent with FERC accounting principles does

⁶ D.26-01-021 at 157-158.

1 not change that the underlying purpose of those programs was wildfire mitigation. But SDG&E
2 now believes these costs should be accounted for to reflect that fact and be entirely allocated to
3 electric customers.

4 **Q. Are there other costs that SDG&E has kept in the Common FERC account? If so,**
5 **can you explain why?**

6 A. Yes. In limited circumstances, SDG&E records certain costs to the Common FERC
7 Account because no Electric-only FERC plant account exists for the specific asset category. The
8 use of the Common FERC Account in these situations is strictly an accounting accommodation
9 and does not indicate that the underlying assets provide shared benefits to both Electric and Gas
10 operations.

11 For example, specific FERC plant accounts do not exist for certain asset classes such as
12 aviation equipment within the Electric utility. As a result, when SDG&E incurs costs for this
13 asset type that is used exclusively to support Electric operations, those costs are initially recorded
14 to the Common FERC Account. This is the only available account structure that aligns with
15 FERC's prescribed USoA for these categories.

16 Importantly, although these costs are recorded to a common account due solely to the
17 absence of an Electric-specific account, the activities giving rise to the costs are entirely driven
18 by Electric-utility needs. In the cases at issue here (aviation), the investments were made to
19 support activities directly tied to electric system wildfire-risk mitigation and therefore provide no
20 operational benefit to Gas. Consistent with established cost-causation principles, SDG&E assigns
21 these costs 100 percent to Electric, so that Gas customers do not bear any portion of the costs
22 associated with wildfire-risk-reduction activities.

1 This accounting treatment aligns with both the FERC USoA and CPUC regulatory
2 precedent, while maintaining an accurate representation of which customers benefit from and
3 drive the underlying expenditures.

4 **Q. For those costs, have you manually reclassified the associated gas revenue**
5 **requirement to SDG&E’s WMPMA? Can you explain what it means to “manually**
6 **reclassify,” why you have done so and how the purpose of those costs were for wildfire**
7 **mitigation?**

8 A. Yes. For the costs that were initially recorded in the Common FERC Account due to the
9 absence of an Electric-only FERC account for those asset categories, SDG&E has manually
10 reclassified the associated gas revenue requirement to the WMPMA to ensure that no portion of
11 those costs is assigned to gas customers.

12 “Manually reclassify” refers to an adjustment made outside of the automated allocation
13 process. Under normal circumstances, costs recorded to a common plant account would be
14 automatically allocated between Electric and Gas operations based on established allocator
15 methodologies. Because the Common FERC Account is subject to these automated allocators,
16 any cost placed there would—if left unadjusted—result in a portion of the revenue requirement
17 being assigned to Gas.

18 In this instance, however, the underlying costs were incurred exclusively for Electric
19 utility purposes, specifically to support electric system wildfire risk mitigation activities.
20 Although the cost had to be initially booked to the Common FERC Account due to the lack of an
21 available Electric only FERC account for that asset type, the purpose and use of the assets are
22 100 percent Electric.

1 Therefore, SDG&E manually reclassifies the gas-allocated portion of the revenue
2 requirement—*i.e.*, the amount that would have flowed to Gas customers through the allocator—
3 to the Electric WMPMA. This ensures that:

- 4 1. Gas customers do not bear any portion of the costs, consistent with CPUC
5 cost-causation principles;
- 6 2. The revenue requirement properly reflects the fact that the assets support only
7 Electric-system risk-mitigation activities; and
- 8 3. The accounting treatment maintains alignment with both FERC and CPUC
9 requirements, while still providing an accurate attribution of cost responsibility.
10
- 11

12 This manual reclassification is necessary solely because the FERC accounting structure
13 does not include an Electric-only account for certain asset categories. It does not reflect shared
14 use or shared benefit. The activities that gave rise to these costs—and the assets recorded—exist
15 entirely to reduce wildfire risk on SDG&E’s electric distribution system, and therefore the
16 associated revenue requirement is appropriately assigned to Electric operations only.

17 **Q. In sum, are all the costs that SDG&E is seeking to recover in the Track 3 proceeding**
18 **now in SDG&E’s electric WMPMA?**

19 A. Yes.

20 **Q. For each initiative, can you explain why the purpose of that initiative was wildfire**
21 **mitigation for SDG&E’s electric system and thus warranted for recovery through**
22 **SDG&E’s electric WMPMA?**

23 A. Each initiative has a primary wildfire mitigation driver for the purpose and justification
24 of the charges. The list below includes program costs that were classified as common—*i.e.*, a
25 portion of the costs of these programs were originally allocated to SDG&E’s Gas WMPMA—
26 but have now been moved to SDG&E’s Electric WMPMA. A high-level summary of each
27 initiative and its purpose related to wildfire mitigation is also included. The summaries below are

1 based upon Jonathan Woldemariam’s Track 3 Testimony (ex. SDG&E-T3-WMPMA-01-R),
 2 Supplemental Testimony (ex. SDG&E-T3-WMPMA-10), and Track 3 Supplemental
 3 Workpapers (ex. SDG&&E-T3-WMPMA-08) and Jennifer Kaminsky’s Supplemental Track 3
 4 Testimony (ex. SDG&E-T3-WMPMA-06) and Workpapers (ex. SDG&E-T3-WMPMA-07).
 5 Additional details highlighting the initiative correlated to wildfire mitigations (*e.g.*, reducing
 6 ignition, Public Safety Power Shutoff (PSPS) support, etc.) can be found within those
 7 testimonies and workpapers.

WMP Initiative	Description	Main Driver
WMP.447	Weather Stations and NDVI Cameras	<p>Situational awareness is key to understanding the wildfire environment. Whether through modeled forecasts or direct observations, the need to understand current and projected changes to the wildfire environment was paramount to being able to operate in a safe manner without utility infrastructure becoming the ignition source for catastrophic wildfires. This project was comprised of multiple facets that allowed for full situational awareness, including the onboarding of two new employees in the Fire Science and Climate Adaptation department to support company operations, the SDG&E weather station network that allowed for real-time measurements of atmospheric variables influencing the electric grid, wildfire modeling efforts that fed into risk modeling software, weather forecast models that identified potential fire weather events to come, and statistical analyses that were critical for generating the scope for potential fire weather events.</p> <p>Charges to the Gas WMPMA were related to software, which is charged to a common FERC account.</p>
WMP.450	Fire Potential Index	<p>The Fire Potential Index (FPI) was developed by SDG&E to communicate the wildfire potential on any given day to promote safe and reliable operations. This 7-day forecast product, which is produced daily, classifies the fire potential based on weather and fuel conditions paired with historical fire occurrences. High FPI ratings, defined as Elevated or Extreme, are associated with an increase in the probability of large wildfires. While the FPI does not provide direct risk reduction, it does provide situational awareness that dictates operational procedures and protocols, promoting a safe working environment.</p> <p>Additional situational awareness tools were also developed to diagnose the potential for wildfire growth and the consequences of ignitions. This led to the creation of products that would</p>

WMP Initiative	Description	Main Driver
		<p>complement the FPI, including the ensemble-based Santa Ana Index that captured the probability and severity of Santa Ana wind events, live fuel moisture content models that could better assess fire danger using high-resolution satellite data, and data repositories that allowed for querying and archiving of weather models while producing visualizations that assisted in diagnosing the potential for critical fire weather conditions.</p> <p>Charges to the Gas WMPMA were related to software, which is charged to a common FERC account.</p>
WMP.519	Centralized Repository for Data	<p>This initiative maintained and advanced the data platforms required to reliably support wildfire-mitigation operations, planning, and regulatory reporting. Work included sustaining the centralized data environment used for spatial and non-spatial Quarterly Data Report (QDR) reporting and enabling SDG&E to continue producing timely, accurate wildfire-risk data products. These enhancements strengthened the underlying data foundation used across wildfire-mitigation programs and ensured traceability, consistency, and compliance with evolving reporting expectations. Additionally, this initiative included the Wildfire Next Generation System (WiNGS) model, which supports daily wildfire-mitigation decision-making.</p> <p>Charges to the Gas WMPMA were related to communication equipment, which are charged to common FERC accounts.</p>
WMP.541	High Performance Computing Infrastructure	<p>SDG&E owns and operates high performing computing clusters that run five ensemble members of the Weather Research and Forecasting (WRF) model at 2-kilometer and 6-kilometer horizontal resolution. These forecast simulations are displayed in visualization portals to help SDG&E meteorologists analyze and prepare accurate weather forecasts, and were also integrated into fire behavior and fire potential tools, contributing to the calculations of ignition probability and estimated wildfire consequences. Data produced from each forecast model run supported operational products such as the SDG&E Fire Potential Index (FPI), wildfire modeling software, and the US Forest Service's Santa Ana Wildfire Threat Index (SAWTI), which informed day-to-day decision-making and enabled situational awareness relating to the potential for significant wildfire activity. Given the deep integration of these datasets into SDG&E operations and the age of the supercomputing infrastructure used to create them, preventative maintenance was needed to maintain the health of the hardware and ensure reliable data flows.</p> <p>Charges to the Gas WMPMA were related to computer equipment purchases, which are charged to a common FERC account.</p>

WMP Initiative	Description	Main Driver
WMP.549	Distribution Communication Reliability Improvements	<p>The DCRI program encompassing communication improvements, Private LTE initiatives and other modifications were essential to enable the reliable, low latency wireless communications required to support SDG&E’s wildfire mitigation protection and monitoring systems deployed in the High Fire Threat District (HFTD) and Wildland Urban Interface (WUI), including Falling Conductor Protection, wireless fault indicators, advanced protection schemes, real time monitoring of distribution devices, and future wildfire related automation and sensing technologies. The communications, fiber upgrades and network technologies implemented under the DCRI program were thoroughly tested and validated against the performance requirements of each supported wildfire mitigation application, including latency, availability, throughput, resiliency, and behavior under degraded and stressed operating conditions.</p> <p>Charges to the Gas WMPMA were related to communication equipment, which is charged to a common FERC account.</p>
WMP.552	Drone Inspections and Repairs	<p>In 2023, SDG&E's Drone Program consisted of repair work on electric distribution overhead poles and equipment identified through inspections performed from 2019-2022 as part of the Drone Investigation Assessment and Repair (DIAR) program and implementation of a new Risk-Informed Drone Inspection (RIDI) Program. RIDI involved the following: (1) Collecting imagery of overhead distribution electric facilities using drones in the Tier 2, Tier 3 HFTD, and WUI areas using a risk informed inspection prioritization model; (2) having Qualified Electric Workers (QEW) paired with drone pilots perform inspections of overhead distribution facilities using both imagery and field observations; (3) Repairing any issues observed during inspections; (4) Utilizing the images collected and damages identified by the QEWs to enhance our Intelligent Image Processing (IIP) capabilities in the form of machine learning (ML) models that perform automated asset identification and damage detection; and (5) Operationalizing overhead electric distribution damage detection models to perform QA/QC of drone inspections performed.</p> <p>Charges to the Gas WMPMA were related to the machine learning models, which were charged to a common FERC software account.</p>
WMP.557	Aviation	<p>SDG&E’s aerial firefighting helicopters provided essential year-round construction support in hard-to-access and rugged areas of the service territory, enabling safe and efficient installation, repair, and hardening of electric infrastructure where ground access is limited or infeasible. These same high-capability aircraft were immediately available for rapid wildfire suppression, allowing rapid response to keep fires small and</p>

WMP Initiative	Description	Main Driver
		<p>limit impacts. While SDG&E also relied on public fire agencies, if SDG&E had solely relied on public fire agencies seasonal reductions in available aerial resources could have delayed response times. As such, to ensure continuous operational and suppression capability, SDG&E has maintained two Type 1 helicopters—each capable of delivering more than 700 gallons—ready for dispatch 365 days per year.</p> <p>Charges to the Gas WMPMA were related to transportation equipment, which is charged to a common FERC account.</p>
WMP.563	Public Emergency Communications Strategy	<p>Capital costs in this category involved enhancements and updates to existing tools that were necessary for effective communication with customers and public safety partners during Public Safety Shutoff Events. The three projects related to the Public Safety Partner Portal (PSPP), PSPP Mobile App, PSPP All Hazards & K2, and Public Safety Partner Portal Enhancement, related to improvements enabled SDG&E's to provide required notifications to public safety partners or requested enhancements by public safety partners to facilitate their situational awareness during PSPS events. The two Enterprise Notification System (ENS) Projects, ENS Enhancement WMP and WMP ENS Operation Megaphone, involved necessary immediate fixes to the customer communication system to enable PSPS notifications that were accurate and had the capacity to reach all customers potentially impacted within an actionable time-period.</p> <p>Charges to the Gas WMPMA were related to computer equipment and software, which is charged to common FERC accounts.</p>
WMP.970	Air Quality Management Program	<p>SDG&E is required by law to determine the employee's exposure to PM2.5 at the start of each shift and periodically thereafter and implement a system for communicating the current Air Quality Index (AQI) for PM2.5 to employees and protective measures available to reduce their wildfire smoke exposures. While data from sensors measuring particulate matter is publicly available through other sources, sensors were primarily focused in urban locations with few measurements across wildland areas where the risk of wildfire is highest. The AQI program installed sensors at all SDG&E district yards and company facilities in sparsely populated areas to provide real-time AQI values for an increasing number of areas above what has historically been provided by San Diego County and the Environmental Protection Agency and to support compliance with state requirements.</p> <p>Charges to the Gas WMPMA were related to software, which is charged to a common FERC account.</p>

WMP Initiative	Description	Main Driver
WMP.1008	Emergency Preparedness Plan	<p>The business purpose of the Emergency Preparedness Plan was to provide an enterprise-wide strategic framework that enables SDG&E personnel to prepare for, respond to, and recover from wildfire events and Public Safety Power Shutoff (PSPS) events in a manner that protects public and employee safety, safeguards critical infrastructure, maintains continuity of essential services, and fulfills applicable federal and state regulatory requirements.</p> <p>Charges to the Gas WMPMA were related to communication equipment and software, which are charged to common FERC accounts.</p>

1

2 **VII. UPDATED REVENUE REQUIREMENTS**

3 **Q. Can you provide the updated revenue requirement resulting for SDG&E’s Drone**
4 **Investigation Assessment and Repair costs for 2019-2022 that were requested in SDG&E’s**
5 **Track 2 proceeding that SDG&E is providing supplemental testimony on here?**

6 **A.** Included below is the revenue requirement associated with SDG&E’s Drone
7 Investigation Assessment and Repair costs for 2019-2022 of \$245.1 million, which was
8 originally requested in SDG&E’s Track 2 proceeding.

Supplemental Testimony of Jack Guidi
Appendix 3
San Diego Gas & Electric
Total Annual Drone Track 2 Revenue Requirement and Interest (2019-2027)
(In thousands of dollars)

	Actuals						Forecast *			Total
	2019	2020	2021	2022	2023	2024	2025	2026	2027	
Authorized Revenues	-	-	-	-	-	-	-	-	-	-
O&M Costs	-	61,613	34,035	46,597	-	-	-	-	-	142,246
Capital Related Costs										
Depreciation	-	32	1,367	2,306	3,130	3,155	3,171	3,171	3,171	19,503
Return	-	59	3,082	4,886	5,999	6,122	5,675	5,379	5,121	36,324
Income Taxes	-	17	871	923	1,443	1,598	1,465	1,376	1,347	9,040
Ad Valorem Taxes	-	-	13	585	1,299	1,520	1,506	1,482	1,431	7,836
Software	-	-	-	-	-	-	-	-	-	-
Total Capital Related Costs	-	108	5,333	8,701	11,871	12,396	11,816	11,408	11,069	72,702
Interest on WMPMA Balance	-	203	53	2,395	8,514	9,767	8,868	351	-	30,151
Total Cost by Year	-	61,924	39,422	57,694	20,385	22,162	20,684	11,759	11,069	245,099
Accumulated Undercollection	-	61,924	101,346	159,039	179,425	201,587	222,271	234,030	245,099	245,099

9 * Includes the forecasted Interest using 3-month Commercial Paper Rate

1 **Q. Can you provide the updated revenue requirement for SDG&E’s 2023 WMPMA**
 2 **Track 3 costs?**

3 A. As shown below, SDG&E’s revenue requirement request for 2023 WMPMA Track 3
 4 costs is \$521.0 million (inclusive of interest). This is \$148.0 million less than SDG&E’s previous
 5 request because it reflects the removal of SDG&E’s 2024 WMPMA capital-related costs. This
 6 total reflects fully loaded 2023 WMPMA O&M and capital related costs, plus the ongoing
 7 capital related revenue requirement for 2024–2027, consistent with the recovery of capital-
 8 related costs. These costs are all requested to be collected through electric rates.

Supplemental Testimony of Jack Guidi
Appendix 4
San Diego Gas & Electric
Updated Track 3 Revenue Requirement and Interest (2023-2027)
 (in thousands of dollars)

	Actuals		Forecast *			Total
	2023	2024	2025	2026	2027	
Authorized Revenues	(51,688)	-	-	-	-	(51,688)
O&M Costs	168,467	-	-	-	-	168,467
E&Y O&M Extrapolated Exclusion	(1,081)	-	-	-	-	(1,081)
Total O&M Costs	167,386	-	-	-	-	167,386
Capital Related Costs						
Depreciation	11,061	30,159	29,216	29,574	29,559	129,569
Return	16,151	40,643	36,356	33,749	31,412	158,312
Income Taxes	4,560	12,095	12,268	11,709	11,276	51,908
Ad Valorem Taxes	-	5,552	9,709	9,549	8,969	33,779
Software	(8,053)	-	-	-	-	(8,053)
E&Y Capital Extrapolated Exclusion	(293)	(284)	(278)	(275)	(263)	(1,393)
Total Capital Related Costs	23,426	88,165	87,271	84,306	80,953	364,122
Interest on WMPMA Balance	3,503	9,858	12,173	7,013	8,655	41,203
Total Cost by Year	142,627	98,023	99,445	91,319	89,609	521,022
Accumulated Undercollection	142,627	240,650	340,095	431,413	521,022	521,022

9 * Forecasted Interest using 3-month Commercial Paper Rate

10 **Q. Can you provide the updated revenue requirement resulting from SDG&E’s 2023**
 11 **WMPMA Track 3 costs plus SDG&E’s Drone Investigation Assessment and Repair costs**
 12 **for 2019-2022 that were requested in SDG&E’s Track 2 proceeding?**

13 A. The Track 3 request \$521.0 million plus the Track 2 Drone supplemental \$245.1 million
 14 results in a total of \$766.1 million, which SDG&E now seeks a finding that the underlying costs
 15 were prudently incurred and authorization for recovery of such costs here.

1 **Q. Can you summarize SDG&E’s cost recovery request for this proceeding?**

2 A. Yes. Again, the updated total Track 3 cost recovery request for this proceeding consists
3 of:

- 4 • As noted, \$245.1 million in Drone Investigation, Assessment & Repair revenue
5 requirement for 2019–2022 (plus associated future year capital revenue
6 requirement), which has now been moved to this proceeding from the Track 2
7 proceeding.
- 8 • \$521.0 million in incremental WMPMA revenue requirement for 2023–2027
9 inclusive of interest for Track 3 costs.

10 The previously filed Track 3 request includes the following categories of incremental
11 wildfire mitigation costs:

- 12 a. 2023 Recorded O&M Costs—O&M expenses recorded in 2023 to implement
13 CPUC approved WMP activities.
- 14 b. Capital Expenditures for 2023 WMP—Initiatives placed into service in 2023
15 Capital additions placed into service in 2023.
- 16 c. Interest on WMPMA Balances—Interest recorded monthly on WMPMA
17 undercollections at the three month commercial paper rate.
- 18 d. Ongoing Revenue Requirement (2024–2027)—Because capital assets generate
19 revenue requirements over their useful lives, SDG&E seeks recovery of the
20 ongoing revenue requirement associated with 2023 WMP capital additions through
21 the end of the current GRC cycle (2027), consistent with D.26-01-021. The
22 remaining ongoing revenue requirement for 2028 and beyond is intended to be
23 addressed through future General Rate Case Applications.

24 This combined amount represents the full and complete cost recovery request SDG&E is
25 seeking in in this proceeding.

26 **Q. Can you explain how you reached the resulting revenue requirement for each?**

27 A. Yes. SDG&E calculated the revenue requirement for both the WMPMA and the Drone
28 Investigation, Assessment & Repair components using the same revenue requirement
29

1 methodology applied in its Track 2 and 3 filing and that the Commission adopted in D.26-01-
2 021. For the \$521.0 million 2023 WMPMA portion, SDG&E first identified all incremental 2023
3 O&M costs and 2023 initiative capital additions recorded to the WMPMA, then calculated the
4 associated fully loaded capital related revenue requirement—including depreciation, return on
5 rate base, income and property taxes, and interest accrued on the memorandum account
6 balance—consistent with SDG&E’s Track 3 direct testimony and D.26-01-021. The revenue
7 requirement was then extended through 2027 to capture the ongoing costs associated with long
8 lived assets placed into service during the period.

9 For the \$245.1 million Drone Investigation, Assessment & Repair portion, SDG&E
10 applied the same methodology: beginning with the recorded O&M and capital costs for 2019–
11 2022, determining the fully loaded capital related revenue requirement for assets placed into
12 service, and adding accrued interest on the undercollection over the applicable period. Because
13 these amounts were originally part of Track 2, the revenue requirement was recalculated and
14 brought forward for inclusion in Track 3 using the same components (depreciation, return, taxes,
15 and interest) to ensure consistency.

16 The sum of the two fully developed revenue requirements—\$521.0 million for WMPMA
17 and \$245.1 million for Drone Investigation, Assessment & Repair—yields the updated \$766.1
18 million total Track 3 cost recovery request.

19 **Q. Does this conclude your testimony?**

20 A. Yes.

Appendix 1

WMPMA Electric Schedules - Track 2 Drones

Supplemental Testimony of Jack Guidi - SDG&E-T3-WMPMA-09
Appendix 1

San Diego Gas and Electric
Wildfire Mitigation Plan Memo Account (WMPMA) Track 2 Drones
Under/(Over) Collection
Account #1150744 / 2190351

Track 2 Drones	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Total 2019
Beginning Balance	-	-	-	-	-	-	-	-	-	543,593	2,783,572	8,630,989	-
Authorized Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
O&M (PS 4b)	-	-	-	-	-	-	-	-	543,125	2,237,278	5,838,861	5,143,189	13,762,453
Capital Related Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Return on Rate Base	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax on Return	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Costs	-	-	-	-	-	-	-	-	543,125	2,237,278	5,838,861	5,143,189	13,762,453
Current Month Activity	-	-	-	-	-	-	-	-	543,125	2,237,278	5,838,861	5,143,189	13,762,453
Interest Rate:	2.52%	2.55%	2.49%	2.49%	2.47%	2.44%	2.31%	2.19%	2.07%	1.95%	1.80%	1.62%	
Current Month Interest* Interest True-up	-	-	-	-	-	-	-	-	468	2,701	8,555	15,123	26,847
Current Activity and Interest	-	-	-	-	-	-	-	-	543,593	2,239,979	5,847,416	5,158,312	13,789,300
Ending Balance	-	-	-	-	-	-	-	-	543,593	2,783,572	8,630,989	13,789,300	13,789,300

* Interest applied to average monthly balance as follows: ((Beg. Bal.+(Current Month Adjustment/2))*(Int. Rate/12)

Supplemental Testimony of Jack Guidi - SDG&E-T3-WMPMA-03
Appendix 1

San Diego Gas and Electric
Wildfire Mitigation Plan Memo Account (WMPMA) Track 2 Drones
Under/(Over) Collection
Account #1150744 / 2190351

Track 2 Drones	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Total 2020
Beginning Balance	13,789,300	15,728,989	22,105,831	23,746,421	31,034,527	31,692,519	36,799,014	41,329,666	47,731,929	56,132,933	57,215,291	57,988,747	13,789,300
Authorized Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
O&M (PS 4b)	1,914,755	6,343,755	1,602,759	7,247,231	624,380	5,090,516	4,516,530	6,388,094	8,386,300	1,066,174	765,671	3,904,697	47,860,861
Capital Related Costs													
Depreciation	1,231	2,424	2,387	2,387	2,387	2,387	2,465	2,652	2,793	3,118	3,708	4,067	32,003
Return on Rate Base	2,218	4,361	4,279	4,265	4,250	4,235	4,411	4,845	5,150	5,871	7,259	8,064	59,229
Tax on Return	591	1,410	1,380	1,376	1,372	1,367	1,388	1,477	1,567	1,528	1,539	1,675	16,670
Property Taxes													
Total Costs	1,918,794	6,351,950	1,610,805	7,255,258	632,388	5,098,505	4,524,793	6,397,069	8,395,811	1,076,891	778,176	3,918,523	47,968,762
Current Month Activity	1,918,794	6,351,950	1,610,805	7,255,258	632,388	5,098,505	4,524,793	6,397,069	8,395,811	1,076,891	778,176	3,918,523	47,968,762
Interest Rate:	1.70%	1.58%	1.56%	1.44%	0.98%	0.28%	0.18%	0.14%	0.12%	0.12%	0.11%	0.13%	
Current Month Interest* Interest True-up	20,894	24,892	29,785	32,849	25,603	7,990	5,859	5,195	5,193	5,667	5,280	6,495	175,702
Current Activity and Interest	1,939,688	6,376,842	1,640,590	7,288,107	657,991	5,106,495	4,530,652	6,402,264	8,401,004	1,082,558	783,456	3,925,018	48,134,464
Ending Balance	15,728,989	22,105,831	23,746,421	31,034,527	31,692,519	36,799,014	41,329,666	47,731,929	56,132,933	57,215,291	57,988,747	61,923,765	61,923,765

* Interest applied to average monthly balance as follows: ((Beg. Bal.+(Current Month Adjustment/2))*(Int. Rate/12)

Supplemental Testimony of Jack Guidi - SDG&E-T3-WMPMA-09
Appendix 1

San Diego Gas and Electric
Wildfire Mitigation Plan Memo Account (WMPMA) Track 2 Drones
Under(Over) Collection
Account #1150744 / 2190351

Track 2 Drones	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Total 2021
Beginning Balance	61,923,765	63,554,538	65,373,745	67,680,977	68,788,514	70,092,849	71,666,354	73,900,813	77,630,805	81,537,772	86,210,755	91,271,281	61,923,765
Authorized Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
O&M (PS 4b)	1,608,777	1,727,272	2,018,344	657,321	806,774	1,044,571	1,686,064	3,165,485	3,323,395	4,074,231	4,456,762	9,466,258	34,035,254
Capital Related Costs													
Depreciation	4,482	22,896	73,156	112,944	125,264	133,088	138,310	142,647	148,625	153,425	155,258	156,841	1,366,837
Return on Rate Base	8,898	51,491	167,045	258,044	285,846	303,118	314,259	323,332	334,352	342,463	345,365	347,718	3,061,930
Tax on Return	1,820	12,175	44,252	74,679	82,980	87,906	90,925	92,872	94,749	96,802	96,836	95,298	871,294
Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Costs	1,623,978	1,813,835	2,302,797	1,102,988	1,300,863	1,570,952	2,231,426	3,726,204	3,902,968	4,668,789	5,056,089	10,067,963	39,368,491
Current Month Activity	1,623,978	1,813,835	2,302,797	1,102,988	1,300,863	1,570,952	2,231,426	3,726,204	3,902,988	4,668,789	5,056,089	10,067,963	39,368,491
Interest Rate:	0.13%	0.10%	0.08%	0.08%	0.06%	0.05%	0.05%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%
Current Month Interest* Interest True-up	6,796	5,372	4,435	4,549	3,472	2,953	3,033	3,788	3,979	4,194	4,437	6,420	53,428
Current Activity and Interest	1,630,774	1,819,207	2,307,232	1,107,537	1,304,335	1,573,505	2,234,459	3,729,992	3,906,967	4,672,983	5,060,526	10,074,403	39,421,919
Ending Balance	63,554,538	65,373,745	67,680,977	68,788,514	70,092,849	71,666,354	73,900,813	77,630,805	81,537,772	86,210,755	91,271,281	101,345,684	101,345,684

* Interest applied to average monthly balance as follows: ((Beg. Bal.+(Current Month Adjustment/2))*(Int. Rate/12)

Supplemental Testimony of Jack Guidi - SDG&E-T3-WMPMA-09
Appendix 1

San Diego Gas and Electric
Wildfire Mitigation Plan Memo Account (WMPMA) Track 2 Drones
Under/(Over) Collection
Account #1150744 / 2190351

Track 2 Drones	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Total 2022
Beginning Balance	101,345,684	100,870,825	105,121,162	109,907,415	114,466,223	119,865,155	126,132,494	131,052,630	137,093,434	142,192,906	148,096,806	153,566,077	101,345,684
Authorized Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
O&M (PS 4b)	(1,068,687)	3,641,314	4,155,603	3,877,831	4,684,516	5,437,799	4,072,808	5,020,108	4,033,197	4,683,521	4,072,707	3,986,913	46,587,431
Capital Related Costs													
Depreciation	162,709	166,612	171,175	174,431	176,909	179,825	184,142	188,799	194,652	217,581	239,141	249,903	2,305,878
Return on Rate Base	351,136	358,464	366,930	372,279	376,122	381,015	388,962	397,702	409,531	458,414	503,388	522,482	4,886,424
Tax on Return	67,162	69,205	71,863	73,516	74,603	75,753	77,514	79,557	81,044	80,374	93,605	79,191	923,387
Property Taxes	1,868	1,868	1,868	1,868	1,868	1,868	1,868	1,868	1,868	1,868	1,868	1,868	18,680
Total Costs	(485,612)	4,237,463	4,767,440	4,499,925	5,314,018	6,156,690	4,805,525	5,768,465	4,800,723	5,522,188	4,991,139	4,920,767	55,288,553
Current Month Activity	(485,612)	4,237,463	4,767,440	4,499,925	5,314,018	6,156,690	4,805,525	5,768,465	4,800,723	5,522,188	4,991,139	4,920,767	55,288,553
Interest Rate:	0.13%	0.15%	0.21%	0.63%	0.87%	1.08%	1.07%	2.44%	2.57%	3.16%	3.81%	4.25%	
Current Month Interest*	10,953	12,874	18,813	58,883	84,914	110,649	114,611	272,338	298,749	381,712	478,131	552,594	2,395,221
Interest True-up													
Current Activity and Interest	(474,659)	4,250,337	4,786,253	4,558,808	5,398,932	6,267,339	4,920,136	6,040,803	5,099,472	5,903,900	5,469,270	5,473,381	57,683,774
Ending Balance	100,870,825	105,121,162	109,907,415	114,466,223	119,865,155	126,132,494	131,052,630	137,093,434	142,192,906	148,096,806	153,566,077	159,039,458	159,039,458

* Interest applied to average monthly balance as follows: ((Beg. Bal.+(Current Month Adjustment/2))*(Int. Rate/12)

Supplemental Testimony of Jack Guidi - SDG&E-T3-WMPMA-09
Appendix 1

San Diego Gas and Electric
Wildfire Mitigation Plan Memo Account (WMPMA) Track 2 Drones
Under/(Over) Collection
Account #1150744 / 2190351

Track 2 Drones	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Total 2023
Beginning Balance	159,039,458	160,607,983	162,194,611	163,805,122	165,440,009	167,081,803	168,803,053	170,543,246	172,298,475	174,069,012	175,844,946	177,632,180	159,039,458
Authorized Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
O&M (PS 4b)	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Related Costs	260,870	260,870	260,870	260,870	260,870	260,870	260,870	260,870	260,870	260,870	260,870	260,870	3,130,440
Depreciation	510,279	508,399	506,519	504,639	502,759	500,879	498,999	497,119	495,239	493,359	491,479	489,599	5,999,265
Return on Rate Base	123,494	122,898	122,302	121,706	121,110	120,515	119,919	119,323	118,727	118,131	117,536	116,940	1,442,801
Property Taxes	82,299	82,299	82,299	82,299	82,299	82,299	82,299	82,299	82,299	82,299	82,299	82,299	1,298,703
Total Costs	976,942	974,466	971,990	969,514	967,038	964,562	962,086	959,610	957,134	954,658	952,182	949,706	11,871,009
Current Month Activity	976,942	974,466	971,990	969,514	967,038	964,562	962,086	959,610	957,134	954,658	952,182	949,706	11,871,009
Interest Rate:	4.45%	4.56%	4.71%	4.86%	4.88%	5.10%	5.20%	5.27%	5.34%	5.34%	5.38%	5.38%	5.38%
Current Month Interest* Interest True-Up	591,583	612,162	638,521	665,374	674,756	712,242	733,661	751,174	768,957	776,830	790,606	798,613	8,514,479
Current Activity and Interest	1,568,525	1,586,628	1,610,511	1,634,888	1,641,794	1,721,250	1,740,193	1,755,230	1,770,537	1,775,934	1,787,235	1,792,766	20,385,488
Ending Balance	160,607,983	162,194,611	163,805,122	165,440,009	167,081,803	168,803,053	170,543,246	172,298,475	174,069,012	175,844,946	177,632,180	179,424,946	179,424,946

* Interest applied to average monthly balance as follows: (Beg. Bal +(Current Month Adjustment/2))*(Int Rate/12)

Supplemental Testimony of Jack Guidi - SDG&E-T3-WMPMA-09
Appendix 1

San Diego Gas and Electric
Wildfire Mitigation Plan Memo Account (WMPMA) Track 2 Drones
Under/(Over) Collection
Account #1150744 / 2190351

Track 2 Drones	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Total 2024
Beginning Balance	179,424,946	181,279,011	183,128,189	184,983,718	186,845,644	188,716,351	190,591,091	192,469,970	194,344,933	196,202,787	198,021,711	199,805,686	179,424,946
Authorized Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
O&M (PS 4b)	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Related Costs													
Depreciation	262,923	262,923	262,923	262,923	262,923	262,923	262,923	262,923	262,923	262,923	262,923	262,923	3,155,082
Return on Rate Base	521,024	519,057	517,090	515,123	513,156	511,189	509,223	507,256	505,289	503,322	501,355	499,388	6,122,472
Tax on Return	136,604	135,982	135,359	134,736	134,113	133,491	132,868	132,245	131,622	131,000	130,377	129,754	1,598,151
Property Taxes	126,744	126,744	126,744	126,744	126,744	126,744	126,624	126,624	126,624	126,624	126,624	126,624	1,520,088
Total Costs	1,047,295	1,044,706	1,042,117	1,039,527	1,036,937	1,034,228	1,031,638	1,029,048	1,026,458	1,023,869	1,021,280	1,018,690	12,395,793
Current Month Activity	1,047,295	1,044,706	1,042,117	1,039,527	1,036,937	1,034,228	1,031,638	1,029,048	1,026,458	1,023,869	1,021,280	1,018,690	12,395,793
Interest Rate:	5.38%	5.31%	5.32%	5.32%	5.34%	5.33%	5.32%	5.26%	5.12%	4.85%	4.61%	4.57%	
Current Month Interest* Interest True-up	806,770	804,471	813,413	822,399	833,770	840,512	847,241	845,915	831,395	795,055	762,695	762,866	9,766,502
Current Activity and Interest	1,854,065	1,849,177	1,855,530	1,861,926	1,870,707	1,874,740	1,878,879	1,874,963	1,857,853	1,816,924	1,783,975	1,781,556	22,162,295
Ending Balance	181,279,011	183,128,189	184,983,718	186,845,644	188,716,351	190,591,091	192,469,970	194,344,933	196,202,787	198,021,711	199,805,686	201,587,241	201,587,241

* Interest applied to average monthly balance as follows: ((Beg. Bal +(Current Month Adjustment/2))*(Int.Rate/12)

Appendix 2

WMPMA Electric Schedules - Track 3

Supplemental Testimony of Jack Guidi - SDG&E-T3-WMPMA-09
Appendix 2

San Diego Gas and Electric
Wildfire Mitigation Plan Memo Account (WMPMA) Track 3 Under/
(Over) Collection
Account #1150744 / 2190351

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Total
Track 3 - 2026 Supplemental													
Beginning Balance	-	4,131,961	11,122,486	20,983,120	30,335,134	43,848,610	61,015,954	72,926,362	92,469,399	111,345,348	128,495,402	146,789,317	-
Authorized Revenue	(2,768,500)	(2,768,500)	(2,768,500)	(2,768,500)	(2,768,500)	(2,768,500)	(2,768,500)	(2,768,500)	(2,768,500)	(2,768,500)	(2,768,500)	(10,787,044)	(41,240,544)
O&M Expenses	6,579,274	8,915,344	11,490,497	10,563,899	14,400,794	17,715,771	11,865,161	18,746,354	18,023,753	15,197,445	15,383,245	19,707,892	168,569,429
Capital Related Costs													
Depreciation	128,369	299,070	369,224	544,168	609,486	685,661	858,397	1,062,666	1,156,495	1,433,454	1,755,791	2,158,076	11,060,857
Return on Rate Base	148,697	384,967	529,589	649,550	830,863	972,108	1,272,872	1,631,332	1,799,780	2,189,331	2,675,600	3,066,477	16,151,165
Tax on Return	36,474	130,716	176,940	259,188	290,300	339,939	392,897	503,799	544,676	565,863	632,063	682,228	4,560,083
Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Software Costs	-	-	-	-	-	-	-	-	(32,736)	-	-	-	(8,053,524)
Total Costs	6,892,814	9,730,097	12,566,249	12,016,805	16,131,442	19,713,479	14,389,327	21,949,151	21,191,268	19,386,093	20,446,699	17,893,885	192,308,010
Current Month Activity	4,124,314	6,961,597	9,797,749	9,248,305	13,362,942	16,944,979	11,620,827	19,180,651	18,423,468	16,617,593	17,678,199	7,106,841	151,067,466
Interest Rate:	4.45%	4.56%	4.71%	4.66%	4.89%	5.10%	5.20%	5.27%	5.34%	5.34%	5.38%	5.38%	5.38%
Current Month Interest*	7,647	28,928	62,684	103,709	150,534	222,365	289,581	362,386	452,481	532,461	615,716	674,037	3,502,729
Current Activity and Interest	4,131,961	6,990,525	9,860,633	9,352,014	13,513,476	17,167,344	11,910,408	19,543,037	18,875,949	17,150,054	18,293,915	7,780,878	154,570,195
Ending Balance	4,131,961	11,122,486	20,983,120	30,335,134	43,848,610	61,015,954	72,926,362	92,469,399	111,345,348	128,495,402	146,789,317	154,570,195	154,570,195

* Interest applied to average monthly balance as follows: ((Beg. Bal. + (Current Month Adjustment(2))) / (Int.Rate/12))

Supplemental Testimony of Jack Guidi - SDG&E-T3-WMPMA-09
Appendix 2

San Diego Gas and Electric
Wildfire Mitigation Plan Memo Account (WMPMA) Track 3 Under/(Over)
Collection
Account #1150744 / 2190351

	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Total
Track 3 - 2026 Supplemental													
Beginning Balance	154,570,195	162,267,525	159,373,272	167,036,501	175,088,348	182,803,678	191,323,134	199,854,968	208,390,605	216,915,064	225,402,398	233,854,364	154,570,195
Authorized Revenue	-	(10,448,339)	-	-	-	-	-	-	-	-	-	-	(10,448,339)
O&M Expenses	-	(121,554)	-	-	(343)	-	-	-	-	-	-	-	(121,897)
Capital Related Costs													
Depreciation	2,479,169	2,477,695	2,477,695	2,742,766	2,497,766	2,497,766	2,497,766	2,497,766	2,497,766	2,497,766	2,497,766	2,497,766	30,159,452
Return on Rate Base	3,487,107	3,469,167	3,451,231	3,432,448	3,413,601	3,395,536	3,377,471	3,359,407	3,341,342	3,323,278	3,305,213	3,287,149	40,642,951
Tax on Return	1,025,026	1,018,719	1,013,040	1,119,934	1,009,765	1,004,045	988,325	992,606	986,886	981,166	975,446	969,726	12,094,684
Property Taxes	-	-	-	-	-	793,077	793,077	793,077	793,077	793,077	793,077	793,077	5,551,539
Software Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Costs	6,991,303	6,844,027	6,941,966	7,295,148	6,920,788	7,690,424	7,666,639	7,642,856	7,619,071	7,595,287	7,571,502	7,547,718	88,326,729
Current Month Activity	6,991,303	(3,604,312)	6,941,966	7,295,148	6,920,788	7,690,424	7,666,639	7,642,856	7,619,071	7,595,287	7,571,502	7,547,718	77,878,390
Interest Rate:	5.36%	5.31%	5.32%	5.32%	5.34%	5.33%	5.32%	5.26%	5.12%	4.85%	4.61%	4.57%	
Current Month Interest*	706,027	710,059	721,264	756,699	794,542	829,032	865,194	892,782	905,387	892,047	880,464	904,967	9,858,464
Current Activity and Interest	7,697,330	(2,894,253)	7,663,230	8,051,847	7,715,330	8,519,456	8,531,833	8,535,638	8,524,458	8,487,334	8,451,966	8,452,685	87,736,854
Ending Balance	162,267,525	159,373,272	167,036,501	175,088,348	182,803,678	191,323,134	199,854,968	208,390,605	216,915,064	225,402,398	233,854,364	242,307,049	242,307,049

* Interest applied to average monthly balance as follows: ((Beg. Bal. + (Current Month Adjustment/2)) * (Int. Rate/12))

Appendix 3

Electric Costs By Year - Track 2 Drones

Supplemental Testimony of Jack Guidi - SDG&E-T3-WMPMA-09

Appendix 3

San Diego Gas & Electric

Total Annual Drone Track 2 Revenue Requirement and Interest (2019-2027)

(in thousands of dollars)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
Authorized Revenues	-	-	-	-	-	-	-	-	-	-
O&M Costs	-	61,613	34,035	46,597	-	-	-	-	-	142,246
Capital Related Costs	-	32	1,367	2,306	3,130	3,155	3,171	3,171	3,171	19,503
Depreciation	-	59	3,082	4,886	5,999	6,122	5,675	5,379	5,121	36,324
Return	-	17	871	923	1,443	1,598	1,465	1,376	1,347	9,040
Income Taxes	-	-	13	585	1,299	1,520	1,506	1,482	1,431	7,836
Ad Valorem Taxes	-	-	-	-	-	-	-	-	-	-
Software	-	-	-	-	-	-	-	-	-	-
Total Capital Related Costs	-	108	5,333	8,701	11,871	12,396	11,816	11,408	11,069	72,702
Interest on WMPMA Balance	-	203	53	2,395	8,514	9,767	8,868	351	-	30,151
Total Cost by Year	-	61,924	39,422	57,694	20,385	22,162	20,684	11,759	11,069	245,099
Accumulated Undercollection	-	61,924	101,346	159,039	179,425	201,587	222,271	234,030	245,099	245,099

* Includes the forecasted interest using 3-month Commercial Paper Rate

Appendix 4

Electric Costs by Year - Track 3

**Supplemental Testimony of Jack Guidi - SDG&E-T3-WMPMA-09
Appendix 4**

**San Diego Gas & Electric
Updated Track 3 Revenue Requirement and Interest (2023-2027)
(in thousands of dollars)**

	Actuals		Forecast *			Total
	2023	2024	2025	2026	2027	
Authorized Revenues	(51,688)	-	-	-	-	(51,688)
O&M Costs	168,467	-	-	-	-	168,467
E&Y O&M Extrapolated Exclusion	(1,081)	-	-	-	-	(1,081)
Total O&M Costs	167,386	-	-	-	-	167,386
Capital Related Costs						
Depreciation	11,061	30,159	29,216	29,574	29,559	129,569
Return	16,151	40,643	36,356	33,749	31,412	158,312
Income Taxes	4,560	12,095	12,268	11,709	11,276	51,908
Ad Valorem Taxes	-	5,552	9,709	9,549	8,969	33,779
Software	(8,053)	-	-	-	-	(8,053)
E&Y Capital Extrapolated Exclusion	(293)	(284)	(278)	(275)	(263)	(1,393)
Total Capital Related Costs	23,426	88,165	87,271	84,306	80,953	364,122
Interest on WMPMA Balance	3,503	9,858	12,173	7,013	8,655	41,203
Total Cost by Year	142,627	98,023	99,445	91,319	89,609	521,022
Accumulated Undercollection	142,627	240,650	340,095	431,413	521,022	521,022

* Forecasted Interest using 3-month Commercial Paper Rate