

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-02

**CHAPTER 2**  
**PREPARED DIRECT 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**



**April 2025**

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1                   **PREPARED DIRECT TESTIMONY OF JACK GUIDI**  
2                   **ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**  
3

4           **I.       INTRODUCTION**

5           My testimony presents the revenue requirement on behalf of San Diego Gas and Electric  
6 Company (“SDG&E”) associated with the incremental costs recorded to the Wildfire Mitigation  
7 Plan Memorandum Account (“WMPMA”) for this General Rate Case (“GRC”) Track 3  
8 proceeding. In this application, SDG&E seeks recovery of \$669.0 million, including interest  
9 accrued through December 31, 2024, in total revenue requirement for the period of 2023 through  
10 2027. SDG&E requests that the Commission review the reasonableness of the underlying  
11 activities and approve the revenue requirement in this filing.

12           Since this proposal includes costs above and beyond those authorized by the California  
13 Public Utilities Commission (“Commission” or “CPUC”) in SDG&E’s most recent 2024 and  
14 2019 GRC Decisions,<sup>1</sup> or in any other SDG&E cost recovery mechanism, all costs associated  
15 with the WMPMA are incremental and thus are additive to any currently authorized levels of  
16 revenue requirement. Costs included in this application are based on recorded amounts for our  
17 Wildfire Mitigation Plan (“WMP”) and include the following:

- 18           •       Operations and maintenance (“O&M”) costs incurred during 2023; and  
19  
20           •       Capital expenditures associated with 2023 WMP initiatives.  
21

22           As noted, the Track 3 2023 through 2027 total revenue requirement associated with  
23 recorded WMP costs were not included and forecasted in SDG&E’s 2019 and 2024 GRCs, in  
24 any other cost recovery mechanism, or otherwise adopted as part of current authorized rates,

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<sup>1</sup>     Decision (“D.”) 24-12-074 (“2024 GRC Decision”); D.19-09-051 (“2019 GRC Decision”).

1 making them incremental. Consistent with past practice, SDG&E proposes to roll the plant  
2 associated with the capital expenditures presented in this application into its 2028 GRC rate base.

3 My testimony discusses SDG&E's accounting controls so that this request reflects only  
4 CPUC-jurisdictional wildfire mitigation-related costs, how overhead costs are added to direct  
5 costs, and demonstrates the incrementality of the requested costs here. To do so, my testimony  
6 discusses how SDG&E offsets the amounts previously authorized in SDG&E's 2019 and 2024  
7 GRC Decisions. Collectively, this will demonstrate the requested amount that SDG&E seeks  
8 recovery for in this GRC Track 3 proceeding.

9 Notably, to further support its request, SDG&E engaged Ernst & Young ("E&Y") to  
10 perform an independent analysis of costs and provide an opinion on their appropriateness and  
11 incrementality. Jake Van Reen, who led the analysis of SDG&E's Track 3 WMP costs by E&Y,  
12 has submitted testimony along with our filing.<sup>2</sup> Mr. Van Reen performed analysis and  
13 transaction testing of incrementality by verifying Track 3 WMP costs were appropriately  
14 segregated in the WMPMA and offset with WMP authorized revenues in the most recent GRCs.  
15 Importantly, E&Y concluded that, of SDG&E's \$821.9 million WMP costs that E&Y reviewed,  
16 all but \$2.2 million (extrapolated to \$4.4 million) were characterized as appropriate and  
17 incremental.

18 Finally, this testimony discusses SDG&E's proposals for how to structure the recovery of  
19 the balances of the revenue requirements associated with the Track 3 WMPMA. Specifically,  
20 SDG&E proposes a 6-year amortization of sought-after recovery in rates from 2027 through

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<sup>2</sup> See Exhibit ("Ex.") SDG&E-T3-WMPMA-03, Prepared Direct Testimony of Jake Van Reen on Behalf of SDG&E, Chapter 3 (Track 3 - Report) (April 30, 2025), accompanying SDG&E's Track 3 submission. References to "testimony" are to the prepared direct testimony served in support of this application, unless otherwise indicated.

2032. Amortization over a 6-year period would spread the cost recovery over a reasonable period, avoiding rate shock in any particular year, and promote customer affordability.

## **II. BACKGROUND**

With the passing of Senate Bill (“SB”) 901 in 2018, SDG&E began embarking on a significant initiative to reduce wildfire risk, which was neither foreseen nor requested in SDG&E’s Test Year (“TY”) 2019 GRC application that was filed in 2017. The creation of the WMP program required SDG&E to create an entire new internal organization to meet the state’s safety and reliability expectations and SB 901 requirements. The Commission recognized that this had the potential to require significant investment and approved the WMPMA as a mechanism to track and potentially recover these costs outside of the GRC.

SDG&E has two active WMPMAs that the CPUC approved on January 23, 2020 effective May 30, 2019, one in its electric tariff book<sup>3</sup> and another in its gas tariff book.<sup>4</sup> The electric and gas WMPMAs were established in SDG&E Advice Letters 3454-E and 2817-G, respectively, pursuant to D.19-05-039 and as a direct result of Public Utilities Code (“Pub. Util. Code”) Section 8386.4(a), as modified by Assembly Bill (“AB”) 1054. As established in SDG&E’s approved tariffs, these accounts record actual costs incurred to implement SDG&E’s Commission-approved Wildfire Mitigation Plans.<sup>5</sup>

The accounts also record revenues authorized by the Commission in SDG&E’s 2019 GRC Decision. Like other regulatory accounts, the WMPMA balances are calculated by

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<sup>3</sup> SDG&E, Preliminary Statements – Electric, WMPMA (Appendix 1), *available at*: <https://tariffsprd.sdge.com/view/tariff/?utilId=SDGE&bookId=ELEC&tarfKey=983>

<sup>4</sup> SDG&E, Preliminary Statements – Gas, WMPMA (Appendix 2), *available at*: <https://tariffsprd.sdge.com/view/tariff/?utilId=SDGE&bookId=GAS&tarfKey=993>

<sup>5</sup> See Ex. SDG&E-T3-WMPMA-01, Prepared Direct Testimony of Jonathon Woldemariam on Behalf of SDG&E, Chapter 1 (Track 3 – Wildfire) (April 30, 2025) (“Ex. SDG&E-T3-WMPMA-01 (Woldemariam)”), accompanying SDG&E’s Track 3 submission.

1 subtracting the actual costs from the authorized revenues—ensuring that the balances only reflect  
2 costs that are incremental to SDG&E’s 2019 GRC Decision authorized revenue requirements  
3 that were already approved for recovery.

4 **III. SDG&E HAS APPROPRIATE ACCOUNTING CONTROLS TO ENSURE IT IS**  
5 **ONLY INCLUDING INCREMENTAL, CPUC-JURISDICTIONAL COSTS**

6 SDG&E's finance organization and operational areas have controls to ensure costs are  
7 booked to the correct cost centers, budget codes, and internal orders. These controls include: (1)  
8 detailed cost accounting instructions for the operational areas; (2) budget variance analysis  
9 reports prepared and reviewed by the finance organization during the financial closing process;  
10 (3) monthly review of recorded costs by the accountable program managers; (4) account  
11 reconciliations; and (5) Sarbanes-Oxley controls.

12 SDG&E differentiates and tracks the costs charged into the WMPMAs using cost centers,  
13 budget codes, and internal orders. These accounting designations ensure that SDG&E reflects  
14 only wildfire mitigation-related costs, that is, costs that are not recorded to other regulatory  
15 accounts (*e.g.*, the Tree Trimming Balancing Account) in the WMPMAs. Accordingly, the  
16 WMPMAs do not capture the “normal” or other business costs authorized in the GRCs. As such,  
17 these accounting controls and procedures ensure that costs associated with specific WMP  
18 activities are tracked accurately.

19 SDG&E also set up the accounting infrastructure to capture WMP costs separately  
20 between the Commission and Federal Energy Regulatory Commission (“FERC”) jurisdictions.  
21 These accounting classifications are in accordance with the Uniform System of Accounts as  
22 established by the FERC and utilized by the CPUC. This accounting process ensures that the  
23 direct costs in our Track 3 request filing are only CPUC jurisdictional.

1 Finally, SDG&E undertook extensive steps to ensure that the sought-after amounts were  
2 incremental. Before including the costs requested for recovery, SDG&E determined that these  
3 costs were: (1) Costs associated with the activities described above that would not have been  
4 incurred “but for” SDG&E’s wildfire mitigation efforts; and (2) incremental and/or above  
5 relevant amounts authorized or sought for recovery by SDG&E in other cost recovery  
6 applications.

7 **IV. SDG&E’S WILDFIRE MITIGATION PLAN DIRECT COSTS MUST BE FULLY**  
8 **LOADED TO REACH THE APPROPRIATE INCREMENTAL REQUEST**

9 As noted, the Track 3 costs described and identified in the Prepared Direct Testimony of  
10 Mr. Woldemariam are O&M and capital expenditure direct costs with only the appropriate  
11 Vacation & Sick (“V&S”) loader applied to them. These costs do not yet reflect the impact of  
12 overhead allocations, which my testimony does here.

13 **A. Overhead Costs**

14 Overhead costs, also referred to as indirect costs, are costs that are related to direct costs  
15 but cannot be economically direct-charged to each individual project. Instead, these overhead  
16 costs are added up and spread among the relevant direct costs.

17 Certain overhead costs are added to both capital expenditures and O&M direct costs.  
18 These overhead costs include labor-related costs (including pension and benefits, incentive  
19 compensation plan (“ICP”), and payroll taxes), contract administration, shop order, small tools,  
20 and purchasing and warehouse. Other overheads are added to capital expenditures only. These  
21 include engineering, department overheads, and administrative & general. Overhead costs  
22 increased as WMP activities increased due to the increase in projects and, therefore, are  
23 incremental to SDG&E’s GRCs.  
24

1           **B.       Allocating Overhead Costs**

2           My testimony describes the process of fully loading Track 3 WMP capital expenditure  
3 and O&M direct costs, meaning adding the indirect costs to the direct costs. As mentioned  
4 above, overhead costs are labor-related costs, engineering, and administrative & general costs  
5 that cannot be economically direct-charged to a project. These costs are instead captured in  
6 overhead “pools,” which are a collection of indirect costs, and then applied to an appropriate  
7 direct cost that benefits from or causes the indirect cost to be incurred.

8           By using overhead pools, SDG&E can more accurately distribute indirect costs, ensuring  
9 that each project bears a fair share of the overhead expenses and ensures compliance with  
10 regulatory standards and provide transparency in cost reporting. As the Commission stated in  
11 SDG&E’s 2019 GRC Decision:

12           The Overhead Pools reflect the costs that originate from central activities, and  
13 which are allocated to different capital projects. Examples of these costs are  
14 engineering capacity studies, reliability analysis, and preliminary design work.  
15 According to SDG&E, many of these costs cannot be attributed to a single capital  
16 project and are spread to projects that are ultimately constructed and placed into  
17 service. The central activity costs are what is referred to as pooled costs.<sup>6</sup>

18           Overhead allocations are added to WMP costs, consistent with those costs’ classification,  
19 such as company labor, contract labor, or purchased services and materials, and are, therefore  
20 added to WMP direct costs to arrive at fully-loaded (i.e., direct plus indirect costs) WMP costs  
21 for ratemaking purposes.

22           The overhead allocations in this application adhere to the methodology established by  
23 FERC<sup>7</sup> and were derived using the same methodology used in SDG&E’s prior GRC filings (i.e.,  
24

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<sup>6</sup> See D.19-09-051 at 286.

<sup>7</sup> FERC guidelines reference The Federal Accounting Standards Advisory Board (FASAB), *Statement of Federal Financial Accounting Standards 4: Managerial Cost Accounting Standards and Concepts* (issued July 31, 1995), available at: [https://files.fasab.gov/pdf/FILES/handbook\\_sffas\\_4.pdf](https://files.fasab.gov/pdf/FILES/handbook_sffas_4.pdf).



SDG&E’s 2024 GRC and prior filings). Further, the CPUC has determined that SDG&E’s proposed methodology for overhead allocations was reasonable in its 2019 and 2024 GRC Decisions.<sup>8</sup> For example, in the 2019 GRC, the Commission approved SDG&E’s overhead pools procedure for assigning costs, finding that “ORA d[id] not provide compelling reason to prohibit the use of SDG&E’s proposed procedure.”<sup>9</sup> Therefore, SDG&E’s overhead allocation process distributes indirect costs to accurately determine total fully-loaded Track 3 WMP costs, consistent with SDG&E’s 2019 and 2024 GRC Decisions.

### C. Direct Costs with Overhead Loaders

Tables JG-1 and JG-2 below summarize the direct costs presented in the Prepared Direct Testimony of Jonathon Woldemariam,<sup>10</sup> including the total amounts of direct O&M and capital expenditures, and adds the appropriate overhead loaders:

**Table JG-1: WMP Initiatives Fully Loaded Capital Expenditures (\$000)**

Category	Direct Capital	Indirect Costs	Fully Loaded Capital
Wildfire Mitigation Strategy Development	\$6,117	\$731	\$6,848
Grid Design, Operations, and Maintenance	\$292,965	\$71,433	\$364,398
Vegetation Management and Inspections	-	-	-
Situational Awareness and Forecasting	\$1,715	\$88	\$1,803
Emergency Preparedness	\$32,163	3,398	\$35,561
Community Outreach and Engagement	-	-	-
<b>Total</b>	<b>\$332,960</b>	<b>\$75,650</b>	<b>\$408,610</b>

<sup>8</sup> D.24-12-074 at Conclusions of Law (“COL”) 275 at 1080; D.19-09-051 at 607.

<sup>9</sup> D.19-09-051 at 287.

<sup>10</sup> Ex. SDG&E-T3-WMPMA-01 (Woldemariam) at Table JW-1.

**Table JG-2: Fully Loaded O&M Expenditures (\$000)**

Category	Direct O&M	Indirect Costs	Fully Loaded O&M
<b>Wildfire Mitigation Strategy Development</b>	\$11,449	\$1,317	\$12,766
<b>Grid Design, Operations, and Maintenance</b>	\$83,928	\$4,998	\$88,927
<b>Vegetation Management and Inspections</b>	\$13,335	\$287	\$13,622
<b>Situational Awareness and Forecasting</b>	\$4,525	\$611	\$5,136
<b>Emergency Preparedness</b>	\$42,887	\$2,375	\$45,262
<b>Community Outreach and Engagement</b>	\$448	\$25	\$473
<b>Total</b>	<b>\$156,572</b>	<b>\$9,613</b>	<b>\$166,186</b>

This results in the “fully-loaded” just and reasonable costs included in this filing.

#### **V. SDG&E’S WILDFIRE MITIGATION PLAN REVENUE REQUIREMENT**

Once fully-loaded costs were established, the associated revenue requirement was calculated, which consists of the fully-loaded O&M and capital additions. The revenue requirement includes components such as depreciation, SDG&E’s return on investment, income taxes, and property taxes.<sup>11</sup> Additionally, interest on those costs is accrued on the average monthly WMPMA balance at a rate equal to 1/12 of the annual interest rate on three-month commercial paper, as reported in the Federal Reserve Statistical Release H.15 or its successor. These components combine to determine our total WMPMA revenue requirement in this request as of December 31, 2024.

The revenue requirement requested in this Track consists of the following items. First, SDG&E is requesting the revenue requirement associated with capital additions put into service

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<sup>11</sup> The revenue requirement components and the rate base calculations are computed based on the same standard, Commission-approved methodology used in the 2019 GRC Decision and other incremental applications.

1 in 2023 and supporting its WMP initiatives. As part of SDG&E's Track 2 request, Prepared  
2 Direct Testimony of Jonathon Woldemariam included a description of all wildfire mitigation  
3 capital expenditures incurred through December 31, 2022. While those costs were described to  
4 illustrate the entirety of capital expenditures through that date and align with SDG&E's WMP  
5 and RAMP reporting, capital expenditures associated with projects not in service as of December  
6 31, 2022 were not included in the Track 2 requested revenue requirement, as they were not yet  
7 recorded to SDG&E's WMPMAs. In this Track 3 proceeding, SDG&E is now requesting the  
8 revenue requirement associated with the capital expenditures described in Mr. Woldemariam's  
9 Track 2 testimony but recorded in Construction Work In Process (CWIP) as of December 31,  
10 2022.<sup>12</sup> Because the incurred costs were used and useful after the cut-off date for SDG&E's  
11 Track 2 proceeding such costs are being requested here.

12 Second, SDG&E's requested revenue requirement also includes new capital expenditures  
13 incurred in 2023 and 2024 to support the completion of SDG&E's 2023 WMP initiative targets  
14 and objectives and recorded to SDG&E's WMPMAs as capital additions. Third, SDG&E is  
15 seeking the recovery of \$15 million of "trailing costs" incurred in 2024 for assets that were  
16 completed and went into service in 2023. Trailing costs are expenses incurred after completion  
17 of a project for purposes of finalizing or finishing the asset (e.g. quality inspections). Trailing  
18 costs occur after an asset is placed into service (i.e., is used and useful) for final expenses and are  
19 therefore typically relatively smaller amounts.

20 As noted, capital expenditures incurred in 2024 were for SDG&E's 2023 WMP  
21 initiatives that SDG&E intended to be in service by 2023 but in actuality were not completed

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<sup>12</sup> D.24-03-008 at 24-25 (Deferring determination on the reasonableness of SCE's 2021 CWIP capital expenditures and any associated authorization for recovery of the related revenue requirement to a later proceeding after the costs were recorded to Plant-In-Service) (citing D.23-06-032).

until 2024. As such, they were not forecasted in SDG&E's 2024 GRC and are thus incremental. In summary, the total capital additions recorded to SDG&E's WMPMAs for Track 3 are \$835 million.

**A. SDG&E's WMPMA Revenue Requirement Balance**

Pursuant to D.19-05-039, SDG&E is authorized to record to its WMPMA incremental O&M and capital-related costs associated with implementing SDG&E's Commission-approved Wildfire Mitigation Plans. SDG&E's revenue requirements for electric and gas WMPMAs are summarized as follows:

**Table JG-3: SDG&E Track 3 WMPMA Balance at December 31, 2024**  
**(\$ in millions)**

	<b>Electric Revenue Requirement</b>	<b>Gas Revenue Requirement</b>	<b>Total Request</b>
<b>O&amp;M</b>	\$166	\$2	\$168
<b>Capital</b>	\$134	\$7	\$141
<b>Recorded Interest</b>	\$14	\$-	\$14
<b>Less: 2019 Authorized</b>	(\$49)	(\$3)	(\$52)
<b>Less: E&amp;Y Adjustments</b>	(\$1)	\$-	(\$1)
<b>Total</b>	\$264	\$6	\$270

The activity SDG&E recorded to the WMPMAs for the period January 1, 2023 to December 31, 2024 is a combined \$270 million revenue requirement. A schedule reflecting the detailed activity recorded to the WMPMA from January 1, 2023 through December 31, 2024 is included in Appendices 3 and 4.

**B. Ongoing Revenue Requirement**

Additionally, SDG&E is seeking recovery of the ongoing revenue requirement for 2025 to 2027 associated with capital-related costs in its Track 3 request. This is because the capital-related revenue requirement is collected over the life of the asset, consistent with longstanding California ratemaking practice. A majority of the costs being reviewed in this proceeding are

1 long-lived assets; for example, WMP assets across all categories have weighted-average lives of  
2 nearly 50 years.

3 As noted, the revenue requirement for 2025-2027 requested here are for the WMP-related  
4 assets placed into service January 1, 2023 through December 31, 2024 based upon 2023 WMP  
5 initiatives. Because these costs—and the resulting revenue requirement—were not reviewed in  
6 Track 1 of this proceeding, the revenue requirement for years 2025-2027 for these assets were  
7 likewise not authorized. Therefore, should the Commission find the capital-related costs in this  
8 Track 3 proceeding just and reasonable, SDG&E would have a revenue requirement associated  
9 with these assets for many years. As such, SDG&E proposes that the ongoing revenue  
10 requirements for these assets be authorized through 2027 (*i.e.*, the end of this current GRC  
11 cycle). SDG&E would then roll the recorded capital additions and plant associated with the  
12 capital expenditures presented in this application into SDG&E's 2028 GRC rate base.

13 The tables below provide summaries of the actual WMPMA revenue requirements for the  
14 electric and gas assets included in this WMPMA Track 3 request at December 31, 2024 and the  
15 forecasted ongoing revenue requirement for those assets from 2025 to 2027. The rate of return  
16 ("ROR") used in this filing to determine the return component of the future revenue requirements  
17 is 7.45%, which represents SDG&E's current authorized weighted-average cost of capital for  
18 2025 pursuant to D.24-10-008.

**Table JG-4: WMPMA Track 3 Requested Ongoing Revenue Requirement – Electric<sup>13</sup>**

**San Diego Gas & Electric  
WMP Electric Costs  
(\$ in millions)**

<b>Track 3</b>	<b>Actuals 2023 to 2024</b>	<b>Forecast* 2025 to 2027</b>	<b>Totals</b>
Authorized Revenues	(48.5)	-	(48.5)
O&M	165.3	-	165.3
Capital Related Costs	133.9	373.3	507.2
Interest at 3-month Commercial Paper Rate	13.7	-	13.7
<b>Totals</b>	<b>264.4</b>	<b>373.3</b>	<b>637.7</b>

\* Forecasts exclude interest

**Table JG-5: WMPMA Track 3 Requested Ongoing Revenue Requirement – Gas<sup>14</sup>**

**San Diego Gas & Electric  
WMP Gas Costs  
(\$ in millions)**

<b>Track 3</b>	<b>Actuals 2023 to 2024</b>	<b>Forecast* 2025 to 2027</b>	<b>Totals</b>
Authorized Revenues	(3.1)	-	(3.1)
O&M	2.1	-	2.1
Capital Related Costs	6.9	25.4	32.3
Interest at 3-month Commercial Paper Rate	0.1	-	0.1
<b>Totals</b>	<b>5.9</b>	<b>25.4</b>	<b>31.3</b>

\* Forecasts exclude interest

Appendices 5 and 6 show further details of the forecasted ongoing annual revenue requirements associated with the electric and gas assets. The total revenue requirement included in this WMPMA Track 3 request is \$669.0 million, including interest accrued through December 31, 2024.

<sup>13</sup> Excludes Franchise Fees & Uncollectibles (“FF&U”).

<sup>14</sup> Excludes FF&U.

Further, the tables above are net of adjustments made related to the findings from E&Y's cost analysis. Importantly, E&Y concluded that all but \$2.2 million (extrapolated to \$4.4 million) was appropriately characterized as reasonable and incremental. SDG&E has reduced the electric revenue requirement included in this request for both \$1.1 million of O&M costs and \$1.4 million of capital-related costs associated with the capital expenditures after extrapolation, to incorporate the findings of E&Y's review.

SDG&E's accounting practice is to only book known accounting adjustments, not extrapolated amounts. Although SDG&E maintains that not recording the extrapolated amount in its financial records does not constitute an accounting error, SDG&E will not seek recovery in this proceeding of the \$4.4 million amount extrapolated by E&Y. The adjustments above have been converted to fully loaded revenue requirement amounts. These adjustments result in a revised WMPMA electric revenue requirement of \$264.4 million, and a total requested electric revenue requirement of \$637.7 million, with no changes to gas. Table JG-6 below details the reasons for the exclusions and extrapolated amounts.

**Table JG-6: SDG&E Electric Cost Reductions  
Ernst & Young Exclusions**

<b>Exclusion Reason</b>	<b>Exclusion Amount</b>	<b>Exclusion Extrapolated</b>
<b>Not incremental</b>	\$ 20,907	\$ 20,907
<b>Not in HFTD Location</b>	1,493,598	1,577,050
<b>Not reasonable/prudent</b>	275,196	2,380,989
<b>Does not align to contract</b>	1,085	13,065
<b>Personal Item</b>	14,678	14,678
<b>Transmission</b>	279,971	279,971
<b>Not supported</b>	144,015	144,015
<b>Total exclusions</b>	2,229,450	4,430,675
<b>Total O&amp;M exclusions</b>	531,606	1,005,240
<b>Total Capital exclusions</b>	1,697,844	3,425,435

1 **VI. THE REVENUE REQUIREMENT AT ISSUE IS INCREMENTAL**

2 SDG&E establishes incrementality here by comparing the authorized overall revenue  
3 requirement set in the 2019 GRC Decision to SDG&E's actual resulting revenue requirement.  
4 That is, to determine incrementality of the revenue requirement, SDG&E calculated the revenue  
5 requirement for the fully loaded wildfire mitigation costs placed into service as described in the  
6 Prepared Direct Testimony of Mr. Woldemariam both here and in Track 2, where relevant. The  
7 resulting revenue requirement was then compared to what was authorized in SDG&E's 2019  
8 GRC proceeding, which established SDG&E's 2023 authorized revenue requirement. That  
9 amount from the 2019 GRC Decision was \$52 million and was booked to the Track 3 WMPMA.  
10 This resulted in the total Track 3 incremental revenue requirement recorded to the WMPMA of  
11 \$669.0 million once that \$52 million was subtracted.<sup>15</sup>

12 Additionally, as stated above, SDG&E's Track 3 request does include a subset of costs  
13 that are 2024 capital expenditures for 2023 WMP initiatives that were not included in SDG&E's  
14 2024 GRC request because SDG&E originally expected those projects to be completed in 2023.  
15 SDG&E thus recorded those 2023 WMP activities (including those that occurred in 2024) to  
16 SDG&E's Track 3 WMPMA. As the 2019 GRC Decision did not authorize any revenue  
17 requirement for 2024, by definition, all of those 2024 costs resulting from 2023 WMPMA  
18 activities are incremental. By contrast, any SDG&E 2024 authorized WMP revenues and costs  
19 are recorded to SDG&E's 2024 GRC Track 1 WMPMA, as authorized in that decision.

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<sup>15</sup> The revenue requirement does not include forecasted interest costs.



1           The Crowe LLP audit report<sup>16</sup> on behalf of the CPUC's Wildfire Safety Division to audit  
2 wildfire mitigation expenditures by six investor-owned utilities, including SDG&E, does not  
3 undercut the incrementality of SDG&E's request here. Crowe's audit focused solely on  
4 SDG&E's underspending SDG&E's 2019 GRC Decision Adopted Electric Capital Costs and the  
5 Misalignment of Wildfire Mitigation Cost Categories. But the audit did not examine  
6 incrementality across SDG&E's entire revenue requirement and thus Crowe audit's findings do  
7 not present an accurate picture. The relevant comparison in determining incrementality is, again,  
8 to overall revenue requirement—not to one category of direct authorized spending, as the  
9 Commission enables SDG&E to reasonably repurpose authorized spending from a GRC  
10 decision.

11           And despite underspending in specific GRC categories (i.e. Electric Distribution) as  
12 Crowe described, SDG&E was overall overspent relative to its authorized revenue requirement  
13 in SDG&E's 2019 GRC cycle. A detailed breakdown of costs to demonstrate how funds were  
14 spent is included in JG-7 below. Again, SDG&E is establishing incrementality by comparing the  
15 authorized overall revenue requirement set in the 2019 GRC Decision to SDG&E's actual  
16 resulting revenue requirement. And in that comparison, SDG&E is undoubtedly overspent.

17           In further support, SDG&E presents its Risk Spending Accountability Report ("RSAR ")  
18 below to show that in total on a company-wide basis, SDG&E spent above what was authorized  
19 in its 2019 GRC Decision for all covered years (2019-2023). That is, even though SDG&E  
20 reprioritized costs within its entire business to ensure safe and reliable operations, the balances in  
21 the WMPMAs are incremental.

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<sup>16</sup> CPUC, Crowe's Performance Audit of San Diego Gas & Electric Wildfire Mitigation Plan Expenditures Final Report (December 15, 2021) available at [https://energysafety.ca.gov/wp-content/uploads/docs/audits/20211223\\_sdge-wmp-expenditures-performance-audit-report.pdf](https://energysafety.ca.gov/wp-content/uploads/docs/audits/20211223_sdge-wmp-expenditures-performance-audit-report.pdf).

As noted, SDG&E's 2019 GRC final decision preceded the Wildfire Mitigation Plans and RSARS, and the work described in the Prepared Direct Testimony of Mr. Woldemariam was unforeseen in SDG&E's TY 2019 GRC. The RSAR covers spending that was authorized in SDG&E's 2019 GRC cycle for activities that address safety, reliability, and/or maintenance, consistent with California Pub. Util. Code Section 591(a).<sup>17</sup> The RSAR process provides information about how SDG&E's authorized spending compares to its actual costs, and, importantly, it does not include the unforeseen WMP costs over this period.

**Table JG-7: RSAR 2019-2023 Non-Balanced Results**  
(\$ in thousands)

2023 RSAR PDF Pg #	Cost Type	Witness Area (Line of Business)	2019-2023 Actual Direct Cost (\$000)	2019-2023 Imputed Authorized Direct Cost (\$000)	Difference (\$000)
	<b>Capital</b>	<b>Total Non-Balanced Capital</b>	<b>2,517,705</b>	<b>2,203,383</b>	<b>314,323</b>
56/570	Capital	Electric Distribution	874,803	1,051,061	(176,258)
126/570	Capital	Electric Generation	109,804	76,754	33,050
146/570	Capital	Gas Distribution	590,248	376,767	213,481
161/570	Capital	Gas Engineering	3,338	2,241	1,097
176/570	Capital	Gas Transmission	144,565	51,988	92,578
211/570	Capital	IT & Cybersecurity	538,397	378,530	159,867
221/570	Capital	Support Services	248,288	266,042	(17,754)
236/570	Capital	Human Resources	8,262	-	8,262
	<b>O&amp;M</b>	<b>Total Non-Balanced O&amp;M</b>	<b>2,396,049</b>	<b>2,404,161</b>	<b>(8,113)</b>
36/570	O&M	Electric Distribution	584,261	524,641	59,619
121/570	O&M	Electric Generation	196,674	215,529	(18,855)
131/570	O&M	Electric & Fuel Procurement	41,862	49,064	(7,202)
136/570	O&M	Gas Distribution	183,044	165,207	17,836
166/570	O&M	Gas System Integrity	1,261	8,743	(7,483)
171/570	O&M	Gas Transmission	28,703	28,887	(183)
181/570	O&M	Customer Services	339,446	384,563	(45,117)
196/570	O&M	IT & Cybersecurity	407,567	484,368	(76,801)
216/570	O&M	Support Services	196,225	196,154	71
226/570	O&M	Administrative & General	378,549	306,918	71,631
231/570	O&M	Human Resources	38,459	40,087	(1,628)
		<b>Total Non-Balanced Capital + O&amp;M</b>	<b>4,913,754</b>	<b>4,607,544</b>	<b>306,210</b>

<sup>17</sup> For a fuller discussion of the interaction of SDG&E's RSAR with the 2019 GRC, see Risk Spending Accountability Report of San Diego Gas & Electric Company (U 902 M) and Southern California Gas Company (U 904 G) for 2022 (April 28, 2023), available at: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M507/K805/507805157.PDF>.

1 Further, SDG&E provides several exhibits that show the requested costs in the level of  
2 detail in compliance with the Crowe Audit recommendations. This includes direct capital and  
3 O&M WMP costs at the core work activity account code level (also referred to as the WMP  
4 tracking ID level in SDG&E's schedule),<sup>18</sup> and the line-item detail from SDG&E's accounting  
5 system will be made available upon request. All the available evidence thus demonstrates that  
6 SDG&E's revenue requirement at issue here was incremental to the 2023 revenue requirement  
7 authorized in SDG&E's 2019 GRC.

## 8 **VII. AMORTIZATION PROPOSAL**

9 SDG&E recognizes that the total costs derived above associated with implementing its  
10 approved WMPs increase costs for customers and, therefore, proposes to recover its requested  
11 Track 3 electric revenue requirements equally over six years.

### 12 **A. Electric Revenue Requirement Amortization Scenarios**

13 SDG&E evaluated and compared several amortization scenarios of its electric Track 3  
14 WMPMA revenue requirement to arrive at its proposal. When evaluating potential amortization  
15 scenarios, SDG&E's goals were to balance: (1) the total annual cost being amortized into  
16 customer rates; and (2) additional interest cost associated with longer amortization periods.  
17 SDG&E believes that a comparison for amortization of the electric revenue requirement over 3-  
18 and 6-year periods demonstrates that a 6-year amortization period best balances total cost with  
19 affordability for customers in any one year.

20 In the table below, SDG&E calculates the amortization of the estimated annual revenue  
21 requirements over the 3- and 6-year periods:

---

<sup>18</sup> See Ex. SDG&E-T3-WMPMA-01 (Woldermarium) at Appendix 2.

**Table JG-8: Electric Revenue Requirement Amortization**  
(\$ millions)

<b>1) 3-Year Amortization</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>Total</b>
<b>Total Revenue Requirement</b>	(236.6)	(236.6)	(236.6)	-	-	-	<b>(709.7)</b>
<b>Total Net Present Value</b>	(204.9)	(190.7)	(177.4)	-	-	-	<b>(573.0)</b>

  

<b>2) 6-Year Amortization</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>Total</b>
<b>Total Revenue Requirement</b>	(124.6)	(124.6)	(124.6)	(124.6)	(124.6)	(124.6)	<b>(747.4)</b>
<b>Total Net Present Value</b>	(107.9)	(100.4)	(93.4)	(87.0)	(80.9)	(75.3)	<b>(544.9)</b>

SDG&E used the following assumptions for cost recovery of just and reasonable costs:

- SDG&E started with the recorded electric revenue requirement as of December 31, 2024, with the estimated costs including the ongoing revenue requirement for 2025-2027;
- SDG&E continues to accrue interest on the forecasted balance using the forecasted 3-month Commercial Paper rate as of March 31, 2025;
- SDG&E amortizes the revenue requirement of the Track 3 costs over 3- and 6-year periods beginning in 2027; and
- SDG&E uses a straight-line amortization approach.

After reviewing this analysis, SDG&E concluded that a 6-year amortization strikes the right balance of promoting affordability for customers by spreading the cost recovery over a reasonable period while minimizing additional interest expense. Specifically, a 6-year amortization is preferable because the total annual revenue requirement is nearly half that of the 3-year amortization scenario, enhancing cost-effectiveness of revenue requirements of those years. While SDG&E recognizes that the additional estimated interest cost of \$37.7 million is not insignificant, SDG&E believes the additional cost is prudent and necessary to achieve a lower annual cost burden for customers.

In addition, the Commission recently approved a 6-year amortization of wildfire-related costs for PacifiCorp, finding that “given the large amounts that need to be recovered, the

extended six-year recovery period presented by PacifiCorp is reasonable and approved.”<sup>19</sup>  
Consistent with that finding, SDG&E likewise believes here that a longer relative amortization period of six years is prudent to enhance cost-effectiveness for customers.

#### **B. Bill Impacts of Electric Revenue Requirement Amortization Scenarios**

Table JG-10 below presents the illustrative electric bill impacts for a typical residential customer under the amortization scenarios. This again underscores that SDG&E’s 6-year amortization proposal mitigates bill impacts while supporting the recovery of SDG&E’s critical and necessary Commission-approved Wildfire Mitigation Plan investments.

**Table JG-10: Illustrative Non-CARE Residential Electric Monthly Bill Impact (\$/month)<sup>20</sup>**

Scenario	2027	2028	2029	2030	2031	2032	Total Pmt
A) 3-Year Amortization	\$5.56	\$5.56	\$5.56				\$200.15
B) 6-Year Amortization	\$2.93	\$2.93	\$2.93	\$2.93	\$2.93	\$2.93	\$210.87

#### **C. Illustrative Gas Class Average Rate Impacts and Residential Bill Impacts**

Table JG-11 below presents the illustrative gas residential bill impacts.

**Table JG-11: Illustrative Residential Gas Bill Impacts (\$/month)**

Residential Gas Bill	Current	Proposed 2027	Change (\$)	Change (%)
Non-CARE	\$66.32	\$68.82	\$2.51	3.8%
CARE	\$44.11	\$45.79	\$1.68	3.8%

<sup>19</sup> D.25-02-008 at 21.

<sup>20</sup> Based on rates effective 2/1/2025 rates per AL 4588-E-A. Bills are for a non-CARE, basic service, bundled customer using 400 kWh per month. Bill impacts use Equal Percentage of Total Revenues allocations (EPTR) rate design, which is part of SDG&E's 2024 GRC Phase 2 (A.23-01-008) Settlement Agreement pending Commission's decision. SDG&E is not making any rate design proposals in this application. Actual bill impacts will be based on authorized rate design in effect at the time of implementation.

1 **VIII. CONCLUSION**

2       Following SDG&E's 2019 GRC, SDG&E made critical investments in wildfire  
3 mitigation, consistent with state requirements and as provided for in SDG&E's approved  
4 Wildfire Mitigation Plans. Those investments were essential for public safety. The resulting  
5 revenue requirement from those WMP investments were incremental to SDG&E's overall  
6 authorized 2023 revenue requirement in SDG&E's 2019 GRC and should be authorized for  
7 recovery. SDG&E proposes to amortize those costs over six years to spread the cost recovery  
8 over a reasonable period to promote customer affordability.

9       This concludes my prepared direct testimony.

1 **IX. WITNESS QUALIFICATIONS**

2 My name is Jack M. Guidi. My business address is 8330 Century Park Court, San Diego,  
3 California 92123. I am employed by SDG&E as the Financial and Strategic Analysis Manager.  
4 My principal responsibilities include overseeing the financial analysis and development of  
5 revenue requirements for SDG&E projects and programs. I have held this position since July  
6 2020. Prior to this position, I was the Asset & Project Accounting Manager at SDG&E for three  
7 years. In that position, I was responsible for accounting for plant assets; billable projects  
8 (including new business accounting); development of rate base; capital expenditure planning;  
9 depreciation, and related policy and compliance. I have been employed by SDG&E and/or  
10 Sempra since July 2007. In addition to the positions that I have listed above, I have served as  
11 Manager – Natural Gas Accounting at Sempra Infrastructure; Manager, Financial Reporting and  
12 Accounting Research at Sempra U.S. Gas & Power; Manager, SOX Compliance and Policies at  
13 SDG&E; and Manager, Accounting Research and Policies at Sempra.

14 Prior to joining Sempra Energy, I was employed by PricewaterhouseCoopers, LLP as an  
15 Audit Manager. I am a Certified Public Accountant in the state of California. I continue to  
16 maintain an active status license by fulfilling the continuing professional education requirements.

17 I received a Bachelor of Science in Business Administration degree with an emphasis in  
18 Accounting from San Diego State University in December of 1999.

19 I have previously testified before the Commission.

## **Appendix 1**

### **SDG&E's WMPMA Electric Tariff**





San Diego Gas & Electric Company  
San Diego, California

Revised Cal. P.U.C. Sheet No. 32534-E  
Canceling Original Cal. P.U.C. Sheet No. 32261-E

## PRELIMINARY STATEMENTS

Sheet 1

### III. MEMORANDUM ACCOUNTS

#### WILDFIRE MITIGATION PLAN MEMORANDUM ACCOUNT (WMPMA)

##### 1. Purpose

The Wildfire Mitigation Plan Memorandum Account (WMPMA) is established pursuant to Commission Decision (D.) 19-05-039 as a direct result of Public Utilities (P.U.) Code Section 8386.4(a), as modified by Assembly Bill (AB) 1054. This account records costs incurred to implement SDG&E's Commission-approved Wildfire Mitigation Plan; and its balance reflects those costs net of revenue requirement authorized in SDG&E's General Rate Case (GRC) or other proceeding deemed appropriate by the Commission. This account does not include costs recorded to other memorandum accounts, such as SDG&E's Catastrophic Event Memorandum Account (CEMA), Fire Hazard Prevention Memorandum Account (FHPMA), Fire Risk Mitigation Memorandum Account (FRMMA), or other cost recovery mechanisms. The WMPMA is effective May 30, 2019, which is the effective date of D.19-05-039.

##### 2. Applicability

This account shall apply to all customers except those specifically excluded by the Commission.

##### 3. Rates

The WMPMA does not have a separate rate component.

##### 4. Accounting Procedures

SDG&E shall maintain the WMPMA by making entries to this account at the end of each month as follows:

- a. A debit entry to record the Operating and Maintenance (O&M) and capital-related costs (i.e. depreciation, return, and taxes) associated with work performed based on activities in SDG&E's Wildfire Mitigation Plan beginning on May 30, 2019;
- b. A credit entry to record the revenue requirement authorized in SDG&E's GRC (or other proceeding deemed appropriate by the Commission) for wildfire-related activities beginning on May 30, 2019;

(Continued)

1C11

Advice Ltr. No. 3454-E

Decision No. D.19-05-039

Issued by  
**Dan Skopec**  
Vice President  
Regulatory Affairs

Submitted Oct 31, 2019

Effective May 30, 2019

Resolution No.



San Diego Gas & Electric Company  
San Diego, California

Original \_\_\_\_\_ Cal. P.U.C. Sheet No. 32535-E  
Canceling \_\_\_\_\_ Cal. P.U.C. Sheet No. \_\_\_\_\_

## PRELIMINARY STATEMENTS

Sheet 2

### III. MEMORANDUM ACCOUNTS

#### WILDFIRE MITIGATION PLAN MEMORANDUM ACCOUNT (WMPMA)

#### 4. Accounting Procedures (continued)

- c. A debit entry equal to costs associated with engaging an Independent Evaluator to review and assess SDG&E's compliance with its Wildfire Mitigation Plan pursuant to P.U. Code Section 8386.3(C)(2);
- d. An entry to reflect any transfers to or from other regulatory accounts (e.g., Fire Risk Mitigation Memorandum Account - FRMMA) as authorized by the Commission; and
- e. An entry equal to the interest on the average of the balance at the beginning of the month and the balance in this account after the above entries, at a rate equal to one-twelfth of the interest rate on three-month nonfinancial Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor publication.

#### 5. Disposition

The WMPMA shall remain open until the Commission authorizes closure of the account. The WMPMA may be addressed in SDG&E's GRC proceeding or other proceeding deemed appropriate by the Commission

N  
N  
N  
N  
N

2C9

Advice Ltr. No. 3454-E

Decision No. D.19-05-039

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Vice President  
Regulatory Affairs

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## **Appendix 2**

### **SDG&E's WMPMA Gas Tariff**



San Diego Gas & Electric Company  
San Diego, California

Original Cal. P.U.C. Sheet No. 24138-G  
Canceling Cal. P.U.C. Sheet No.

## PRELIMINARY STATEMENT

Sheet 1

### V. MEMORANDUM ACCOUNTS

#### WILDFIRE MITIGATION PLAN MEMORANDUM ACCOUNT (WMPMA)

#### 1. Purpose

The Wildfire Mitigation Plan Memorandum Account (WMPMA) is established pursuant to Commission Decision (D.) 19-05-039 as a direct result of Public Utilities (P.U.) Code Section 8386.4(a), as modified by Assembly Bill (AB) 1054. This account records costs incurred to implement SDG&E's Commission-approved Wildfire Mitigation Plan; and its balance reflects those costs net of revenue requirement authorized in SDG&E's General Rate Case (GRC) or other proceeding deemed appropriate by the Commission. This account does not include costs recorded to other memorandum accounts, such as SDG&E's Catastrophic Event Memorandum Account (CEMA), Fire Hazard Prevention Memorandum Account (FHPMA), Fire Risk Mitigation Memorandum Account (FRMMA), or other cost recovery mechanisms. The WMPMA is effective May 30, 2019, which is the effective date of D.19-05-039.

#### 2. Applicability

This account shall apply to all customers except those specifically excluded by the Commission.

#### 3. Rates

The WMPMA does not have a separate rate component.

#### 4. Accounting Procedures

SDG&E shall maintain the WMPMA by making entries to this account at the end of each month as follows:

- a. A debit entry to record the Operating and Maintenance (O&M) and capital-related costs (i.e. depreciation, return, and taxes) associated with work performed based on activities in SDG&E's Wildfire Mitigation Plan beginning on May 30, 2019;
- b. A credit entry to record the revenue requirement authorized in SDG&E's GRC (or other proceeding deemed appropriate by the Commission) for wildfire-related activities beginning on May 30, 2019;

(Continued)

1C7

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San Diego Gas & Electric Company  
San Diego, California

Original Cal. P.U.C. Sheet No. 24139-G

Canceling Cal. P.U.C. Sheet No.

## PRELIMINARY STATEMENT

Sheet 2

### V. MEMORANDUM ACCOUNTS

#### WILDFIRE MITIGATION PLAN MEMORANDUM ACCOUNT (WMPMA)

4. Accounting Procedures (continued)

- c. A debit entry equal to costs associated with engaging an Independent Evaluator to review and assess SDG&E's compliance with its Wildfire Mitigation Plan pursuant to P.U. Code Section 8386.3(C)(2);
- d. An entry to reflect any transfers to or from other regulatory accounts (e.g., Fire Risk Mitigation Memorandum Account - FRMMA) as authorized by the Commission; and
- e. An entry equal to the interest on the average of the balance at the beginning of the month and the balance in this account after the above entries, at a rate equal to one-twelfth of the interest rate on three-month nonfinancial Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor publication.

5. Disposition

The WMPMA shall remain open until the Commission authorizes closure of the account. The WMPMA may be addressed in SDG&E's GRC proceeding or other proceeding deemed appropriate by the Commission

2C7

Advice Ltr. No. 2817-G

Decision No. D.19-05-039

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**Dan Skopec**  
Vice President  
Regulatory Affairs

Submitted Oct 31, 2019

Effective May 30, 2019

Resolution No. \_\_\_\_\_

## **Appendix 3**

### **WMPMA Electric Schedules**

## Appendix 3

**San Diego Gas & Electric**  
**Wildfire Mitigation Plan Memo Account (WMPMA) - Electric**  
Under / (Over) Collection  
Account # 1150744 / (2190350)

	2023												Total
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
<b>Beginning Balance</b>	-	3,908,150	10,460,946	20,844,568	30,149,365	43,607,716	60,658,065	72,243,248	91,488,706	110,610,294	127,347,720	145,019,783	-
Authorized Revenue	(2,520,667)	(2,520,667)	(2,520,667)	(2,520,667)	(2,520,667)	(2,520,667)	(2,520,667)	(2,520,667)	(2,520,667)	(2,520,667)	(2,520,667)	(2,520,663)	(30,248,000)
Revenue True-Up												(8,335,142)	(8,335,142)
Total Revenues	(2,520,667)	(2,520,667)	(2,520,667)	(2,520,667)	(2,520,667)	(2,520,667)	(2,520,667)	(2,520,667)	(2,520,667)	(2,520,667)	(2,520,667)	(10,855,805)	(38,583,142)
O&M Expenses	6,421,584	8,753,959	11,326,764	10,451,055	14,242,967	17,475,010	11,702,503	18,521,799	17,830,190	15,099,469	15,221,237	19,448,802	166,495,337
Capital Related Costs:*													
Depreciation	-	111,764	531,229	400,731	580,353	619,462	687,724	949,377	1,186,088	1,165,652	1,515,474	1,822,835	9,570,687
Return	-	136,100	719,849	648,122	716,338	946,584	1,059,395	1,515,453	1,931,082	1,909,897	2,420,091	2,949,649	14,952,561
Taxes	-	44,390	265,130	222,501	289,693	308,865	368,897	420,756	600,880	554,794	426,736	552,050	4,054,692
Property Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Software Dev Credits									(354,655)			(5,641,338)	(5,995,993)
Total Capital Costs	-	292,255	1,516,208	1,271,355	1,586,384	1,874,911	2,116,016	2,885,586	3,363,394	3,630,343	4,362,301	(316,805)	22,581,947
Total Costs	6,421,584	9,046,214	12,842,972	11,722,410	15,829,350	19,349,921	13,818,520	21,407,385	21,193,584	18,729,811	19,583,537	19,131,998	189,077,285
Net Cost / (Revenue)	3,900,917	6,525,547	10,322,305	9,201,743	13,308,683	16,829,254	11,297,853	18,886,718	18,672,917	16,209,144	17,062,870	8,276,193	150,494,143
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%	
Interest**	7,233	27,250	61,317	103,054	149,668	221,095	287,330	358,740	448,672	528,281	609,192	668,724	3,470,556
Net Activity	3,908,150	6,552,797	10,383,622	9,304,797	13,458,351	17,050,349	11,585,183	19,245,458	19,121,589	16,737,426	17,672,063	8,944,917	153,964,699
<b>Ending Balance</b>	<b>3,908,150</b>	<b>10,460,946</b>	<b>20,844,568</b>	<b>30,149,365</b>	<b>43,607,716</b>	<b>60,658,065</b>	<b>72,243,248</b>	<b>91,488,706</b>	<b>110,610,294</b>	<b>127,347,720</b>	<b>145,019,783</b>	<b>153,964,699</b>	<b>153,964,699</b>

\*Capital Related Costs are on a one-month lag

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

## Appendix 3

San Diego Gas & Electric  
Wildfire Mitigation Plan Memo Account (WMPMA) - Electric  
Under / (Over) Collection  
Account # 1150744 / (2190350)

	2024												Total
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Beginning Balance	153,964,699	160,609,611	158,857,335	167,168,084	176,445,731	186,898,594	196,517,706	208,189,369	219,235,345	230,739,004	242,637,305	254,336,951	153,964,699
Authorized Revenue													-
Revenue True-Up		(9,956,447)											(9,956,447)
Total Revenues	-	(9,956,447)	-	-	-	-	-	-	-	-	-	-	(9,956,447)
O&M Expenses		(121,554)			(343)								(121,897)
Capital Related Costs:*													
Depreciation	2,193,368	2,464,328	2,566,496	3,032,121	3,749,282	3,049,325	3,373,577	3,409,309	3,673,799	3,793,031	3,694,240	3,742,746	38,741,623
Return	3,232,933	3,880,626	3,892,247	4,104,017	4,205,428	4,316,197	4,370,854	4,401,837	4,613,028	4,796,773	4,709,438	4,683,902	51,207,281
Taxes	517,626	1,275,511	1,131,591	1,381,516	1,691,850	1,403,972	1,545,446	1,556,772	1,515,596	1,610,478	1,599,859	1,544,934	16,775,151
Property Tax	-	-	-	-	-	-	1,486,668	743,334	743,334	743,334	743,334	743,334	5,203,338
Software Dev Credits													-
Total Capital Costs	5,943,928	7,620,465	7,590,334	8,517,654	9,646,560	8,769,495	10,776,545	10,111,252	10,545,757	10,943,616	10,746,871	10,714,916	111,927,393
Total Costs	5,943,928	7,498,911	7,590,334	8,517,654	9,646,217	8,769,495	10,776,545	10,111,252	10,545,757	10,943,616	10,746,871	10,714,916	111,805,496
Net Cost / (Revenue)	5,943,928	(2,457,536)	7,590,334	8,517,654	9,646,217	8,769,495	10,776,545	10,111,252	10,545,757	10,943,616	10,746,871	10,714,916	101,849,049
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%	
Interest**	700,984	705,260	720,415	759,993	806,646	849,617	895,117	934,724	957,902	954,685	952,775	989,003	10,227,121
Net Activity	6,644,912	(1,752,276)	8,310,749	9,277,647	10,452,864	9,619,112	11,671,662	11,045,976	11,503,659	11,898,301	11,699,646	11,703,919	112,076,170
Ending Balance	160,609,611	158,857,335	167,168,084	176,445,731	186,898,594	196,517,706	208,189,369	219,235,345	230,739,004	242,637,305	254,336,951	266,040,870	266,040,870

\*Capital Related Costs are on a one-month lag

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



## **Appendix 4**

### **WMPMA Gas Schedules**

## Appendix 4

**San Diego Gas & Electric**  
**Wildfire Mitigation Plan Memorandum Account (WMPMA) - Gas**  
Under / (Over) Collection  
Account # 1150745 / (2190351)

	<b>2023</b>												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>Beginning Balance</b>	-	(90,309)	(144,694)	(98,084)	(161,671)	(78,624)	22,921	55,216	158,059	252,273	232,473	350,776	-
Authorized Revenue	(247,833)	(247,833)	(247,833)	(247,833)	(247,833)	(247,833)	(247,833)	(247,833)	(247,833)	(247,833)	(247,833)	(247,836)	(2,973,999)
Revenue True-Up												316,598	316,598
<b>Total Revenues</b>	(247,833)	(247,833)	(247,833)	(247,833)	(247,833)	(247,833)	(247,833)	(247,833)	(247,833)	(247,833)	(247,833)	68,762	(2,657,401)
O&M Expenses	157,691	161,385	163,733	112,844	157,827	240,761	162,658	224,555	193,563	97,976	162,008	259,090	2,094,091
Capital Related Costs:*													
Depreciation	-	16,684	67,052	36,876	100,330	47,224	59,249	64,146	63,575	66,049	136,782	175,505	833,472
Return	-	12,645	50,358	25,802	43,039	50,824	43,241	45,793	45,981	45,605	108,734	141,070	613,092
Taxes	-	3,180	13,776	9,249	30,172	10,687	14,811	15,715	16,097	17,328	(42,694)	12,719	101,040
Property Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Software Dev Credits									21,919			(2,079,450)	(2,057,531)
<b>Total Capital Costs</b>	-	32,509	131,186	71,927	173,541	108,735	117,301	125,654	147,572	128,982	202,822	(1,750,156)	(509,926)
<b>Total Costs</b>	157,691	193,894	294,919	184,771	331,368	349,496	279,959	350,209	341,135	226,958	364,830	(1,491,066)	1,584,165
<b>Net Cost / (Revenue)</b>	(90,142)	(53,939)	47,086	(63,062)	83,535	101,663	32,126	102,376	93,302	(20,875)	116,997	(1,422,304)	(1,073,236)
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%	
Interest**	(167)	(446)	(476)	(525)	(488)	(118)	169	467	911	1,076	1,305	(1,616)	92
<b>Net Activity</b>	(90,309)	(54,385)	46,610	(63,587)	83,048	101,545	32,295	102,843	94,213	(19,799)	118,302	(1,423,919)	(1,073,144)
<b>Ending Balance</b>	(90,309)	(144,694)	(98,084)	(161,671)	(78,624)	22,921	55,216	158,059	252,273	232,473	350,776	(1,073,144)	(1,073,144)

\*Capital Related Costs are on a one-month lag

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

## Appendix 4

San Diego Gas & Electric  
Wildfire Mitigation Plan Memorandum Account (WMPMA) - Gas  
Under / (Over) Collection  
Account # 1150745 / (2190351)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2024 Total
<b>Beginning Balance</b>	(1,073,144)	(630,083)	(516,547)	12,515	559,441	1,091,986	1,629,406	2,240,748	2,818,179	3,547,590	4,411,104	5,166,273	<b>(1,073,144)</b>
Authorized Revenue													-
Revenue True-Up		(491,892)											(491,892)
<b>Total Revenues</b>	-	(491,892)	-	-	-	-	-	-	-	-	-	-	<b>(491,892)</b>
O&M Expenses													-
Capital Related Costs:*													
Depreciation	247,036	300,409	265,448	269,259	271,603	271,818	274,708	275,369	367,932	408,659	365,049	368,297	3,685,585
Return	147,410	184,510	183,227	194,592	177,602	180,783	181,377	177,722	262,639	302,684	256,055	254,008	2,502,610
Taxes	52,410	123,041	81,501	81,810	79,674	78,789	80,365	80,111	52,123	102,953	82,538	82,883	978,198
Property Tax	-	-	-	-	-	-	66,332	33,166	33,166	33,166	33,166	33,166	232,162
Software Dev Credits													-
<b>Total Capital Costs</b>	<b>446,856</b>	<b>607,959</b>	<b>530,176</b>	<b>545,661</b>	<b>528,879</b>	<b>531,390</b>	<b>602,782</b>	<b>566,368</b>	<b>715,860</b>	<b>847,462</b>	<b>736,808</b>	<b>738,354</b>	<b>7,398,556</b>
<b>Total Costs</b>	<b>446,856</b>	<b>607,959</b>	<b>530,176</b>	<b>545,661</b>	<b>528,879</b>	<b>531,390</b>	<b>602,782</b>	<b>566,368</b>	<b>715,860</b>	<b>847,462</b>	<b>736,808</b>	<b>738,354</b>	<b>7,398,556</b>
<b>Net Cost / (Revenue)</b>	<b>446,856</b>	<b>116,067</b>	<b>530,176</b>	<b>545,661</b>	<b>528,879</b>	<b>531,390</b>	<b>602,782</b>	<b>566,368</b>	<b>715,860</b>	<b>847,462</b>	<b>736,808</b>	<b>738,354</b>	<b>6,906,664</b>
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%	
Interest**	(3,795)	(2,531)	(1,114)	1,265	3,666	6,030	8,560	11,063	13,551	16,051	18,361	21,081	92,188
<b>Net Activity</b>	<b>443,061</b>	<b>113,536</b>	<b>529,062</b>	<b>546,926</b>	<b>532,545</b>	<b>537,420</b>	<b>611,343</b>	<b>577,431</b>	<b>729,411</b>	<b>863,513</b>	<b>755,169</b>	<b>759,435</b>	<b>6,998,852</b>
<b>Ending Balance</b>	<b>(630,083)</b>	<b>(516,547)</b>	<b>12,515</b>	<b>559,441</b>	<b>1,091,986</b>	<b>1,629,406</b>	<b>2,240,748</b>	<b>2,818,179</b>	<b>3,547,590</b>	<b>4,411,104</b>	<b>5,166,273</b>	<b>5,925,708</b>	<b>5,925,708</b>

\*Capital Related Costs are on a one-month lag

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

## **Appendix 5**

### **Electric Costs by Year**

**Direct Testimony of Jack Guidi SDGE-T3-WMPMA-02  
Appendix 5**

**San Diego Gas & Electric  
WMP Electric Costs  
(\$ in thousands)**

	<b>Actuals</b>		<b>Forecast*</b>			<b>Total Costs</b>
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	
<b>Track 3</b>						
Authorized Revenues	(48,539)	-	-	-	-	<b>(48,539)</b>
O&M	166,373	-	-	-	-	<b>166,373</b>
E&Y O&M Extrapolated Exclusion	(1,081)	-	-	-	-	<b>(1,081)</b>
<b>Total O&amp;M</b>	<b>165,292</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>165,292</b>
Capital Related Costs:						
Depreciation	9,571	38,742	45,096	45,051	45,051	<b>183,511</b>
Return	14,952	51,207	52,639	48,849	45,209	<b>212,857</b>
Taxes	4,055	16,775	17,947	18,557	17,814	<b>75,148</b>
Property Tax	-	5,203	11,913	13,478	12,515	<b>43,109</b>
Software Dev Credits	(5,996)	-	-	-	-	<b>(5,996)</b>
E&Y Capital Extrapolated Exclusion	(293)	(284)	(278)	(275)	(263)	<b>(1,393)</b>
<b>Total Capital Related Costs</b>	<b>22,289</b>	<b>111,643</b>	<b>127,317</b>	<b>125,660</b>	<b>120,326</b>	<b>507,235</b>
Interest at 3-month Commercial Paper Rate	3,471	10,227	-	-	-	<b>13,698</b>
<b>Total Activity by Year</b>	<b>142,513</b>	<b>121,870</b>	<b>127,317</b>	<b>125,660</b>	<b>120,326</b>	<b>637,686</b>
<b>Cumulative Revenue Requirement</b>	<b>142,513</b>	<b>264,383</b>	<b>391,700</b>	<b>517,360</b>	<b>637,686</b>	
Rate Base	420,393	731,943	686,854	637,125	588,766	

\* Forecast excludes interest

## **Appendix 6**

### **Gas Costs by Year**

**Direct Testimony of Jack Guidi SDGE-T3-WMPMA-02**  
**Appendix 6**

**San Diego Gas & Electric**  
**WMP Gas Costs**  
(\$ in thousands)

	<b>Actuals</b>			<b>Forecast*</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>Total Costs</b>
<b>Track 3</b>						
Authorized Revenues	(3,149)	-	-	-	-	<b>(3,149)</b>
O&M	2,094	-	-	-	-	<b>2,094</b>
Capital Related Costs:						
Depreciation	833	3,686	4,367	4,367	4,367	<b>17,621</b>
Return	613	2,503	2,744	2,365	2,015	<b>10,240</b>
Taxes	101	978	1,009	1,127	1,098	<b>4,313</b>
Property Tax	-	232	609	701	604	<b>2,147</b>
Software Dev Credits	(2,057)	-	-	-	-	<b>(2,057)</b>
<b>Total Capital Related Costs</b>	<b>(510)</b>	<b>7,399</b>	<b>8,730</b>	<b>8,561</b>	<b>8,085</b>	<b>32,264</b>
Interest at 3-month Commercial Paper Rate	-	92	-	-	-	<b>92</b>
<b>Total Activity by Year</b>	<b>(1,565)</b>	<b>7,491</b>	<b>8,730</b>	<b>8,561</b>	<b>8,085</b>	<b>31,301</b>
<b>Cumulative Revenue Requirement</b>	<b>(1,565)</b>	<b>5,926</b>	<b>14,656</b>	<b>23,216</b>	<b>31,301</b>	
Rate Base	18,228	40,126	34,841	29,931	25,348	

\* Forecast excludes interest