

Application No: A.25-06-023  
Exhibit No: SoCalGas-03  
Witness: O. Verduzco

**PREPARED REBUTTAL TESTIMONY OF**  
**OCTAVIO VERDUZCO**  
**ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY**

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

**December 19, 2025**

## TABLE OF CONTENTS

I.	PURPOSE AND OVERVIEW OF TESTIMONY .....	1
II.	RESPONSE TO TURN’S TESTIMONY .....	1
A.	Summary of TURN Testimony.....	1
B.	Summary of SoCalGas’ Reply to TURN’s Testimony.....	1
1.	Request for the use of Pilot Plus/ Deep Unspent Funds .....	1
2.	SoCalGas’s Escalation Methodology for its ESA Program Budget Proposal.....	3
3.	The Commission Should Not Provide IOUs Guidance On The Application of Escalation Factors.....	4
4.	The Commission Should Decline TURN’s Reporting Recommendations.	4
III.	RESPONSE TO CALIFORNIA EMERGING TECHNOLOGY FUND’S TESTIMONY	5
A.	Summary of CETF’S Testimony .....	5
B.	Reply to CETF’s Testimony .....	5
IV.	ENERGY DIVISION STAFF PROPOSAL ON THE COMMUNITY HELP AND AWARENESS OF NATURAL GAS AND ELECTRICITY SERVICES PROGRAM BUDGET .....	5
A.	Summary of Energy Division (ED) Staff Proposal.....	5
B.	Reply to ED Staff Proposal.....	6
V.	PUBLIC ADVOCATES OFFICE TESTIMONY ADDRESSING SOCALGAS ESA PROGRAM BUDGET REQUEST.....	6
A.	Summary of Cal Advocate’s Testimony.....	6
B.	Reply to Cal Advocates .....	7
IV.	CONCLUSION.....	7
	ATTACHMENT A.....	A-1

1                                   **PREPARED REBUTTAL TESTIMONY OF**  
2                                   **OCTAVIO VERDUZCO**

3   **I.       PURPOSE AND OVERVIEW OF TESTIMONY**

4           The purpose of this prepared rebuttal testimony on behalf of Southern California Gas  
5 Company (SoCalGas) is to address intervenor testimony from the Public Advocates Office (Cal  
6 Advocates) as submitted by regulatory analysts Pui-Wa Li, James Ahlstedt, Andy Zhang, and Ke  
7 Hu, dated November 21, 2025, the Utility Reform Network (TURN) as submitted by attorney  
8 Hayley Goodson and principal associate Jennifer Kallay, dated November 21, 2025, and the  
9 California Emerging Technology Fund (CETF) as submitted by attorney Rachelle Chong, dated  
10 November 21, 2025 regarding the respective investor-owned utilities (IOUs) Bridge Funding  
11 Applications (A.25-06-022 et al.).

12 **II.       RESPONSE TO TURN’S TESTIMONY**

13       **A.       Summary of TURN Testimony**

14           TURN’s testimony opposes SoCalGas’s request for the use of projected unspent funds of  
15 \$29 million from ESA Whole Home Pilot (Pilot Plus/Deep) by the end of Program Year (PY)  
16 2026, if needed, to offset potential cost pressure from tariff increases.<sup>1</sup> TURN questions the  
17 method of how SoCalGas escalated its budget for the ESA Program.<sup>2</sup> In regards to escalation,  
18 TURN states that the Commission should provide guidance on how escalation is applied to the  
19 different cost categories within the Low-Income programs.<sup>3</sup> Lastly, TURN recommends that the  
20 Commission should require all utilities to report on Health, Comfort, and Safety (HCS) measures  
21 and the associated budgets, savings, and benefits beginning with PY 2027.<sup>4</sup>

22       **B.       Summary of SoCalGas’ Reply to TURN’s Testimony**

23           **1.       Request for the use of Pilot Plus/ Deep Unspent Funds**

24           SoCalGas reiterates it is seeking approval to use up to \$29 million in estimated unspent  
25 funds from the ESA Pilot Plus/Deep budget only under specific conditions, as stated in the

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1   <sup>1</sup> TURN Testimony, at 6-7.

2   <sup>2</sup> *Id.* at 7-8.

3   <sup>3</sup> *Id.* at 8-9.

4   <sup>4</sup> *Id.* at 5.

1 Prepared Direct Testimony of Octavio Verduzco (Exhibit (“Ex.”) SoCalGas-01)<sup>5</sup> SoCalGas’s  
2 request is conditional and applies only if the following situation arises:

- 3 1. Tariffs imposed by the government result in increases to costs of materials and  
4 appliances that could not be projected and were not reflected in this application; and
- 5 2. The existing allocated program budget is insufficient to cover the resulting additional  
6 costs.

7 SoCalGas submits it will not use or request approval to use any of the unspent ESA Pilot  
8 Plus/Deep funds if the program budget is able to absorb the increased costs caused by tariffs. The  
9 use of these funds is intended solely as a contingency measure to address potential budget  
10 shortfalls that may arise due to potential cost increase in materials. SoCalGas believes this  
11 request is reasonable given the uncertainty of current and future tariffs. Per the Tax Policy  
12 Center:

13 On April 2, 2025, President Trump unveiled an array of new tariffs, including a  
14 10 percent minimum tariff on all imported goods and higher “reciprocal” tariff  
15 rates for over 80 countries. On April 9, 2025, President Trump paused the  
16 implementation of many of these levies. On July 31, 2025, President Trump  
17 finalized adjustments to reciprocal rates for over 100 trading partners. These and  
18 other policies have brought the average tariff rate to 17 percent. If all announced  
19 policies take effect, the average tariff rate on all imported goods will be 21  
20 percent.<sup>6</sup>

21 Per the Council on Foreign Relations, “tariffs doubled to 50% for raw and derivative steel  
22 and aluminum items on June 4, 2025, causing margin pressures and higher production costs for  
23 auto, aerospace, and construction industries.” While “domestic steel mills churn out about three-  
24 quarters of what Americans use, many industries including aerospace, auto, construction, and  
25 energy-depend on foreign sources for specific types of steel, such as steel pipes and tubes, which  
26 can withstand extreme temperatures and pressures.”<sup>7</sup>

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<sup>5</sup> Prepared Direct Testimony of Octavio Verduzco (Exhibit (“Ex.”) SoCalGas-01) at OV-24.

<sup>6</sup> Tax Policy Center, Tracking the Trump Tariffs (December 11, 2025), *available at*:  
<https://taxpolicycenter.org/features/tracking-trump-tariffs>.

<sup>7</sup> Council on Foreign Relations, Trump’s New Aluminum and Steel Tariffs Explained in Six Charts  
(June 5, 2025), *available at*: <https://www.cfr.org/article/trumps-new-aluminum-and-steel-tariffs-explained-six-charts>.

1 In addition to the publications discussed above, SoCalGas was notified by ESA Program  
2 contractors that costs for ESA Program measures are increasing at varying levels due to several  
3 industry-wide factors influencing the cost of goods and materials. While these notifications are  
4 general in nature and do not address increases to the cost of specific ESA Program measures,  
5 contractors anticipate that measure costs will rise due to tariffs. This impacts material and goods  
6 used in the production of various measures provided by the program. The increases may range  
7 from 10 to 25 percent and can fluctuate further depending on the manufacturer and type of  
8 measure. Contractors' concerns were shared by TELACU and Maravilla, two of the program's  
9 largest contractors, in their response to SoCalGas's Application, filed July 31, 2025.<sup>8</sup> TELACU  
10 and Maravilla believe that the proposed ESA Program budget flexibility by SoCalGas is  
11 reasonable and believe the Commission should approve the request to utilize unspent funds for  
12 budget shortfalls, including tariffs as the current government administration's trade strategy  
13 continues to be deeply tariff-centric, and tariffs are viewed as leverage for economic and  
14 geopolitical goals.

## 15 **2. SoCalGas's Escalation Methodology for its ESA Program Budget** 16 **Proposal**

17 SoCalGas provides the following information related to the methodology and escalation  
18 factors applied to SoCalGas's ESA Program budget for PY 2027. In response to a data request  
19 from TURN, SoCalGas described that its proposed budget for PY 2027 reflects a 3% escalation  
20 from the 2026 authorized budget approved in Decision (D.) 21-06-015 for all program  
21 categories, with two exceptions: Multifamily Whole Building (MFWB) and Studies.<sup>9</sup> For the  
22 MFWB category, the requested amount of \$27.4M includes a forecasted unspent amount of  
23 \$26M from 2023 to 2026. Additionally, MFWB has a higher proposed amount than the  
24 authorized 2026 budget due to updated forecasts for work anticipated in 2027. Specifically, the  
25 adjustments account for increased activity and resource needs. SoCalGas believes this additional  
26 funding is needed in order for the program to continue to meet current program objectives and  
27 compliance requirements during the bridge year, in addition to executing future planned program

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<sup>8</sup> The Joint Response of The East Los Angeles Community Union (TELACU) and the Maravilla Foundation (Maravilla) Regarding the Application of Southern California Gas Company for Approval of its Energy Savings Assistance and California Alternative Rates for Energy Programs and Budgets Bridge Funding for Program Year 2027 at 2.

<sup>9</sup> See Attachment A – SoCalGas Response to question 2 of TURN-SoCalGas-02 data request.

activities. For the Studies category, SoCalGas allocated unspent Study funds from the ESA Main and MFWB Process and Impact Evaluation which were not utilized in 2025.<sup>10</sup> These study funds are earmarked for evaluations scheduled in 2026 (ESA Main) and 2027 (MFWB).

### **3. The Commission Should Not Provide IOUs Guidance On The Application of Escalation Factors**

SoCalGas recommends that the Commission avoid imposing prescriptive guidance on how utilities apply escalation among the different cost categories within the Low-Income Programs. Regular escalation is a critical business practice that supports competitiveness by enabling talent retention, attracting key partners such as ESA Program vendors, adjusting for cost-of-living changes, and supporting operational stability for long-term growth. SoCalGas applied a labor escalation of approximately 3% for 2027, based on the inflation-related adjustments reflected in its Test Year 2024 General Rate Case (GRC) approved revenue requirement.<sup>11</sup>

### **4. The Commission Should Decline TURN's Reporting Recommendations**

SoCalGas believes that the Commission should decline TURN's recommendation to require all utilities to report on HCS measures and report the associated budgets, savings, and benefits beginning with the 2027 program year. PY 2027 serves as a bridge year to fill the gap between PY 2026 and PY 2028, as such PY 2027 should adhere to the reporting requirements already established in D.21-06-015. For example, there currently are existing ESA monthly reports which detail the quantity of measures installed and therms savings for HCS measures.<sup>12</sup> SoCalGas recommends that any new reporting requirements such as the budget for HCS should be discussed and considered in the upcoming program cycle beginning in 2028.

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<sup>10</sup> Supplemental Testimony of Octavio Verduzco (Ex. SoCalGas-02), Attachment A, Table 7: ESA Portfolio Budget.

<sup>11</sup> Ex. SoCalGas-01 at OV-7.

<sup>12</sup> Monthly Report of SoCalGas on Low-Income Assistance Programs for October 2025, *See* ESA Program Main Table 2 (SF, MH).

1 **III. RESPONSE TO CALIFORNIA EMERGING TECHNOLOGY FUND’S**  
2 **TESTIMONY**

3 **A. Summary of CETF’S Testimony**

4 The testimony filed by CETF seeks to extend the collaboration between CETF and the  
5 four IOUs during the 2027 Bridge Year. CETF’s goal is to continue providing information about  
6 affordable broadband offers and LifeLine offers to IOU customers who receive Low Income and  
7 Income Assistance Program information for the Bridge time period.<sup>13</sup> Through the draft Joint  
8 Stipulation,<sup>14</sup> CETF seeks to integrate the LifeLine Home Broadband Pilot Program (LifeLine  
9 Home Broadband Pilot) messaging in IOUs existing direct marketing materials.<sup>15</sup>

10 **B. Reply to CETF’s Testimony**

11 SoCalGas agrees with CETF’s position that affordable broadband access and increased  
12 awareness are essential because it provides critical technological resources that support  
13 customers to participate in work, pursue educational opportunities, and access public services.  
14 SoCalGas supports authorizing the draft Joint Stipulation for PY 2027, contingent upon  
15 confirmation that the collaboration remains appropriate. SoCalGas reiterates that any extra costs  
16 for co-marketing activities beyond the draft Joint Stipulation will not be charged to its  
17 ratepayers.<sup>16, 17</sup>

18 **IV. ENERGY DIVISION STAFF PROPOSAL ON THE COMMUNITY HELP AND**  
19 **AWARENESS OF NATURAL GAS AND ELECTRICITY SERVICES PROGRAM**  
20 **BUDGET**

21 **A. Summary of Energy Division (ED) Staff Proposal**

22 The Community Help and Awareness of Natural Gas and Electricity Services  
23 (CHANGES) program aids limited English proficient (LEP) clients manage their natural gas and  
24 electricity services. The Commission authorized funding through D.21-06-015 for the  
25 CHANGES Program total budget of \$1,752,502 for PYs 2021-2026 and provided discussion that  
26 the contract management of the evaluation will look at the benefits and cost-effectiveness of

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<sup>13</sup> California Emerging Technology Fund (CETF) Testimony at 1.

<sup>14</sup> CETF Testimony, Attachment A – Draft Joint Stipulation – 01: Affordable Internet Education and Outreach.

<sup>15</sup> *Id.*, Attachment A at 4-5 and 7.

<sup>16</sup> CETF Testimony, Exhibit 1 Opening Testimony of Sunne Wright McPeak at 5.

<sup>17</sup> Ex. SoCalGas-02 at OV-2.

1 services delivered. In addition, it will include a determination of the most appropriate funding  
2 sources for the CHANGES Program based on the beneficiaries of the program.<sup>18</sup> The ED Staff  
3 Proposal requests the CHANGES program budget be increased by \$855,000 for the 2027 bridge  
4 year to serve 780 additional clients, continue outreach year-round, expand educational  
5 opportunities, and implement database improvements.<sup>19</sup> In support as reported in the CHANGES  
6 Program Annual Report, “[m]ost case assistance requests arise from a client’s disputes or needs  
7 related to utility services, such as help applying for bill reduction programs.”<sup>20</sup>

#### 8 **B. Reply to ED Staff Proposal**

9 SoCalGas defers to the Commission to determine the appropriate budget amount for the  
10 CHANGES program. SoCalGas is neutral on increasing the CHANGES program budget. While  
11 SoCalGas supports the services CHANGES program provides, the direct benefit to SoCalGas  
12 customers is uncertain (CHANGES does not distinguish its total customers assisted by utility in  
13 its Annual Report for 2024-2025). Any increase to the CARE budget is an additional cost  
14 increase absorbed by SoCalGas’s non-program eligible customers. Notwithstanding, SoCalGas  
15 does not object to ED Staff’s proposal to increase the CHANGES budget for PY 2027, and  
16 defers to the Commission to determine which amount is fiscally responsible and appropriate.  
17 SoCalGas notes that any increase in authorized budget for CHANGES should be based on  
18 demonstrated needs identified through CPUC-authorized CHANGES evaluations, and aligned  
19 with cost-effectiveness and the program’s objectives.

### 20 **V. PUBLIC ADVOCATES OFFICE TESTIMONY ADDRESSING SOCALGAS ESA** 21 **PROGRAM BUDGET REQUEST**

#### 22 **A. Summary of Cal Advocate’s Testimony**

23 Cal Advocates recommends the Commission reject the IOUs’ proposed budgets and  
24 instead approve a revised budget based on PY 2024 actual spending for the CARE and ESA  
25 Program. In its testimony, Cal Advocates points that the ESA Program budgets should reflect

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<sup>18</sup> D.21-06-015 at 74.

<sup>19</sup> Administrative Law Judge’s Ruling Allowing Party Consideration of Staff Proposal for CHANGES Program dated November 10, 2025, see Attachment 1 at 1-2.

<sup>20</sup> CHANGES Program Annual Report for PY June 2023 - May 2024 at 5, *available at*:  
[https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/reports/cab/changes/changes-2023-2024-annual-report\\_final.pdf](https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/reports/cab/changes/changes-2023-2024-annual-report_final.pdf).



1 historical spending, using PY 2024 actual expenditures as a reasonable benchmark to ensure  
2 sufficient funding for ESA Programs during the bridge year.<sup>21</sup>

3 **B. Reply to Cal Advocates**

4 SoCalGas has developed its proposed budgets while considering the evolving needs of all  
5 eligible customers, as well as the contractor network that deliver program services. While the  
6 existing budgets were not fully maximized during the initial years of the current program cycle,  
7 they are now essential to sustain program effectiveness under today's economic conditions.

8 Over the past several years financial pressures have emerged, driven by persistent  
9 inflation, global supply chain disruptions, and escalating costs associated with tariffs and  
10 materials. These factors have increased the cost of delivering services, from procurement of  
11 equipment to contractor labor. As discussed in Ex. SoCalGas-01, it is still unknown how the  
12 tariffs will directly impact ESA program budgets.<sup>22</sup> As such, if costs continue to rise, SoCalGas  
13 is concerned that such increases in goods and materials may impact our ability to meet program  
14 goals under the current authorized budget level. Proactively addressing these challenges through  
15 the proposed budgets and approval to utilize the anticipated unspent funds from Joint Pilot Plus  
16 and Deep to help cover any budgetary shortfalls would help support the program in remaining  
17 resilient and equitable.

18 **IV. CONCLUSION**

19 SoCalGas appreciates the opportunity to provide Rebuttal Testimony and looks forward  
20 to collaborating with the Commission and Intervenors on the issues raised in this Application.

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<sup>21</sup> Cal Advocates Testimony at 2-32 and 2-33.

<sup>22</sup> Ex. SoCalGas-01 at OV-24.

**ATTACHMENT A**

**SOUTHERN CALIFORNIA GAS COMPANY**

**THE UTILITY REFORM NETWORK (TURN)  
DATA REQUEST NO. TURN-SoCalGas-02**

**RECEIVED: OCTOBER 28, 2025  
SUBMITTED: NOVEMBER 4, 2025**

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**QUESTION 2:**

Please refer to SoCalGas' response to TURN-SoCalGas-01 Q.02 (g) in attachment SoCalGas Response\_TURN-SoCalGas-01\_10.10.2025.xlsx which shows an escalation amount of \$7,391,392 in the column labeled "Escalation". Please break out the escalation-related adjustments from the non-escalation related adjustments for each row, as both appear to be included in the "Escalation" column. For instance, the amount shown as "Escalation" for the row EE-MF is 33% of the PY 2026 amount.

**SoCalGas Response:**

Please see attached file titled "SoCalGas Response\_TURN-SoCalGas-02.xlsx". For the EE-MF category in Program Year 2027, of the total requested budget of \$27,380,263, \$26 million is projected to come from unspent funds from PY 2023 through PY 2026 within the MFWB program, as noted on page OV-22 of Octavio Verduzco's Prepared Direct Testimony.

	A	B	C	D	E	F	G	H
1	<b>Category</b>	<b>PY 2026</b>	<b>Escalation</b>	<b>PY 2027</b>				
2	EE	\$ 82,844,757	\$ -	\$ 82,844,757				
3	EE-MF	\$ 20,563,740	\$ 6,816,523	\$ 27,380,263	33% =C3/B3	Implementer & Administrator Costs		
4	SPOC	\$ 308,278	\$ 9,248	\$ 317,526	3% =C4/B4	Escalation		
5	EE-Pilots							
6	<b>EE Subtotal</b>	<b>\$ 103,408,497</b>		<b>\$ 110,225,020</b>				
7	Training Center	\$ 827,048	\$ 24,811	\$ 851,859	3% =C7/B7	Escalation		
8	Workforce Education and Training			\$ -				
9	Inspections	\$ 1,586,833	\$ 47,605	\$ 1,634,438	3% =C9/B9	Escalation		
10	Marketing and Outreach	\$ 1,462,019	\$ 43,861	\$ 1,505,880	3% =C10/B10	Escalation		
11	Studies	\$ 200,000	\$ 189,750	\$ 389,750	95% =C11/B11	Non-escalation		
12	Regulatory Compliance	\$ 513,413	\$ 15,402	\$ 528,815	3% =C12/B12	Escalation		
13	General Administration	\$ 8,050,562	\$ 241,517	\$ 8,292,079	3% =C13/B13	Escalation		
14	CPUC Energy Division	\$ 107,152	\$ 3,215	\$ 110,367	3% =C14/B14	Escalation		
15	<b>Subtotal - Admin</b>	<b>\$ 12,747,027</b>		<b>\$ 13,313,188</b>				
16	<b>Program Total</b>	<b>\$ 116,155,524</b>		<b>\$ 123,538,208</b>				
17	Staff Proposal Pilot (PPPD)	\$ 6,510,545	\$ -					
18	<b>Portfolio Total</b>	<b>\$ 122,666,069</b>		<b>\$ 123,538,208</b>				