

Application No: A.26-01-011
Exhibit No: SCG-05
Witness: Octavio Verduzco and Roy Christian

REBUTTAL TESTIMONY OF
OCTAVIO VERDUZCO AND ROY CHRISTIAN
ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

October 16, 2026

TABLE OF CONTENTS

1.	INTRODUCTION	1
2.	SUMMARY OF RECOMMENDATIONS.....	1
3.	CARE PROGRAM ISSUES	2
3.1.	CARE Administrative Budgets and Escalation	2
3.2.	Categorical Eligibility	3
3.3.	Post-Enrollment Verification.....	6
3.4.	Reject CETF’s Recommendation to Integrate Affordable Telecommunications and Broadband Information into the Concurrent Application System (CAS) and Direct Notification.....	8
3.5.	CHANGES Program	9
3.6.	CARE Delivery and IT Enhancements.....	10
3.6.1.	Website and Portal Improvements.....	12
3.6.1.1.	User Experience (UX) Redesign and Multi-Session Support	12
3.6.1.2.	SAP Content Management Upgrade	14
3.6.2.	AB 2672/HomeKey	15
3.6.3.	Interactive Virtual Assistant (IVA) Telecommunications Upgrade	17
3.7.	CARE Operational Enhancements	19
3.7.1.	Workflow Management Dashboard	19
4.	ESA PROGRAM ISSUES	20
4.1.	Workforce Education, Training, and Contractor Payment Practices	20
4.2.	ESA Budgets, Underspensing, and Escalation.....	22
4.3.	ESACET and Therm-Savings Goals	25
4.4.	Multifamily Whole Building Program	30
4.5.	Impact of Natural Gas Measures on Affordability	31
4.6.	Fuel Substitution and Gas Measures	36
4.7.	Indoor Nitrogen Oxide (NOx) Emissions From Gas Cooking Have Not Been Shown to Harm Health And Do Not Support Electrification	44
4.8.	There Is No Evidence That Gas Cooking Has Other Pollutant Emissions At Levels That Cause Health Harms, So There Is No Need To “Mitigate” Emissions By Electrification	47
4.9.	ESA Reporting Requirements	50
4.10.	ESA Contracts	50
5.	TESTIMONY UPDATE – NEW PROGRAMS AND PILOTS	51

5.1.	An update on the IOUs’ new and proposed programs and pilots and if/how they will be continued and/or incorporated in the ESA portfolio:	51
5.1.1.	The Deeper Energy Savings Pilots (PG&E, SCE/SCG, SDG&E)	51
6.	CONCLUSION	52
Appendix A.....		A-1
Appendix B		B-1

**REBUTTAL TESTIMONY OF
OCTAVIO VERDUZCO AND ROY CHRISTIAN**

1. INTRODUCTION

Southern California Gas Company (SoCalGas) provides the following Rebuttal Testimony in response to intervenor testimony served and in accordance with the Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo) issued on April 7, 2026.

2. SUMMARY OF RECOMMENDATIONS

SoCalGas recommends that the Commission reject intervenor proposals that would impose unsupported budget reductions, rigid administrative requirements, or premature program changes, and instead adopt an approach that preserves program flexibility, reflects the record, and supports effective delivery of the California Alternate Rates for Energy (CARE) and Energy Savings Assistance (ESA) Programs. Specifically, SoCalGas recommends that the Commission:

- Approve SoCalGas's proposed CARE administrative budgets, escalation assumptions, Delivery and IT Enhancements, and Operational Enhancements, including reasonable recognition of anticipated vendor licensing-cost increases;
- Adopt categorical-eligibility criteria that remain consistent with statutory income limits, assign Commission staff responsibility for evaluating qualifying programs, and conduct reviews in connection with each Low-Income Program Application cycle rather than through annual updates;
- Provide flexibility in the post-enrollment verification cap so that verification activity may respond to enrollment conditions, operational needs, and probability-model results;
- Decline to expand the Concurrent Application System or impose new broadband direct-notification requirements in this proceeding, while separately presenting authorized CHANGES funding within the CARE budget;
- Reject mandatory ESA budget reductions based solely on historical spending, including the proposed 30 percent Tier 3 Advice Letter (AL) trigger, 80 percent budget cap, and zero-percent escalation rate, and preserve reasonable fund-shifting flexibility subject to existing oversight;
- Continue tankless water heaters and other qualifying natural gas measures in the ESA portfolio, preserve customer choice and program flexibility, and reject unsupported

1 restrictions on gas measures or requirements that gas customers fund electric fuel-
2 substitution measures;

- 3 • Decline to adopt Los Angeles County’s proposed Regional Multifamily ESA Pilot on
4 the current record and retain therms as the primary unit for natural-gas savings
5 reporting; and
- 6 • Reject fixed delivery and material pricing requirements for ESA contracts and
7 approve the testimony updates concerning new programs and pilots.

8 **3. CARE PROGRAM ISSUES**

9 **3.1. CARE Administrative Budgets and Escalation**

10 SoCalGas disagrees with Cal Advocates’ recommendation that the Commission should
11 set the CARE Program administrative budget based on 2025 actual spending with 3% escalated
12 annually.¹ Although Program Year (PY) 2025 contains the most recent and complete reporting
13 data available, recency alone does not make it the most appropriate benchmark for projecting
14 future administrative costs. PY 2025 historical recorded costs reflect the year-specific
15 operational conditions, implementation, and program activities that occurred during that year and
16 may not be fully representative of the conditions expected throughout the PYs 2028-2033
17 program cycle. Contrary to Cal Advocates’ recommendation, 2025 is not the most representative
18 basis for forecasting 2028–2031² administrative costs. In contrast, SoCalGas’s testimony uses
19 2024³ as the forecast base year because its spending levels better reflect the program activities,
20 resource requirements, and cost structure expected during the forecast period. By comparison,
21 2025 expenditures were affected by workforce transitions and shifts in resource focus toward
22 broader organizational priorities, making 2024 a more representative administrative benchmark
23 for projecting 2028-2031 costs.

¹ Ex. CA-02 (Hu) at 1-2.

² SoCalGas’s Application (A.) 26-01-011 (Application) proposed a program cycle of PY 2028-2033. In response to the Scoping Memo at 10 and Attachment 5: Utility Supplemental Testimony, and the Administrative Law Judge’s (ALJ) Ruling Responding to Procedural Email, Directing Additional Supplemental Testimony, and Adding Staff Report to Proceeding Record (May 28, 2026), SoCalGas submitted Supplemental Testimony (Ex. SCG-03). Ex. SCG-03 Attachment H provided updates to SoCalGas’s Application for a four-year program cycle for PYs 2028-2031, reflecting program budgets, savings, participation goals, and number of households treated for the CARE and Energy Savings Assistance (ESA) Programs.

³ Ex. SCG-01 (Verduzco/Christian) at OV and RC-106.

1 SoCalGas disagrees with TURN’s recommendation for the Commission to require the
2 CARE and ESA Program budgets to be presented as escalated and non-escalated budgets,
3 identify escalation amounts by program and cost category, and disclose the methodology and
4 justification used to calculate escalation.⁴ SoCalGas opposes this request because the requested
5 level of detail provides limited incremental value beyond the information already provided in
6 testimony and data request responses. SoCalGas already provides transparency regarding
7 escalation methodology, underlying assumptions, and budget forecasting approach. SoCalGas
8 has demonstrated through its data request response⁵ its reasoning and methodology regarding
9 budget escalation. Specifically, SoCalGas confirms that its proposed budget is based on a 3%
10 annual escalation beginning in PY 2028, consistent with the escalation assumption approved in
11 the 2024 GRC.⁶

12 **3.2. Categorical Eligibility**

13 The Center for Accessible Technology (CforAT), The Utility Reform Network (TURN),
14 National Consumer Law Center (NCLC) and Sierra Club’s (collectively, the Joint Advocates)
15 Categorical Policy Framework proposes a two-step framework to determine whether a public
16 assistance program should qualify for CARE categorical eligibility. TURN provides a summary
17 of the Joint Advocates’ proposed framework which includes two tests that the public assistance

⁴ Ex. TURN-01 (Kallay) at 23.

⁵ See Appendix B – Data Request No. TURN-SoCalGas-04, SoCalGas Response to Question 5 at 10: “SoCalGas confirms that the 3% escalation reflected in its application is correct. The escalation is calculated based on the values presented in the “Total” column of Excel row 19. When comparing the annual total ESA Main budget amounts, each year reflects a 3% increase over the prior year. For example, the 2029 budget amount of \$106,510,780 represents a 3% increase over the 2028 budget amount of \$103,408,525. The same calculation methodology applies to each subsequent year, resulting in a consistent annual escalation rate of 3%. Additionally, the sentence, “After 2028, SoCalGas proposes only a 3% escalation to the budget to keep up with inflation,” should be read in the context of the preceding sentence, which states:

Because higher energy bills in California would significantly affect households, communities, and the state economy, SoCalGas is proposing an EE budget for the beginning of the new Program Cycle in 2028 at the level where the current Program Cycle ends in 2026.

In support of this discussion, SoCalGas identified the Energy Efficiency (EE) budget in row 19 under the “Program Updates” column. Therefore, the budget values reflected in that row should be used when evaluating the proposed escalation. Escalation should not be calculated separately by adding the amounts contained in the “Labor and Non-Labor Escalation” columns.

⁶ Ex. SCG-01 (Verduzco/Christian) at OV and RC-106.

1 programs must pass in order to be used to establish categorical eligibility for CARE, which
2 include:⁷

3 1. The Income Eligibility Threshold Comparison Test: A public assistance program must
4 first satisfy at least one of the following criteria:

- 5 • The program's income limit is at or below 200% of the Federal Poverty Guidelines
- 6 (FPG).
- 7 • At least 90% of enrolled participants have incomes at or below 200% FPG.
- 8 • Including the program would provide unique administrative efficiencies.
- 9 • The program serves communities that have historically been difficult for CARE to
- 10 reach.

11 Only programs that pass one of these criteria move to the second test.

12 2. The Qualifying Unit Test: This test evaluates whether the program's definition of an
13 eligible unit is comparable to CARE's definition of a household.

- 14 • If the program uses a qualifying unit that is substantially similar to a CARE
- 15 household, the program should qualify for categorical eligibility.
- 16 • If the qualifying unit is not substantially similar, but the program's one-person
- 17 household definition is substantially similar to CARE's one-person household, then
- 18 the program should qualify only for one-person households.

19 SoCalGas does not recommend the Commission adopt the Joint Advocates' proposed
20 Categorical Policy Framework to the extent that it would allow programs with income
21 requirements above the CARE statutory threshold of 200 percent of the Federal Poverty Level
22 (FPL) to qualify for categorical eligibility.⁸ The eligibility determinations should first evaluate
23 statutory compliance and only then assess whether a public assistance program is sufficiently
24 aligned to support categorical eligibility. While SoCalGas supports considering partially aligned
25 programs, it maintains that such programs must remain income-based and must not exceed
26 statutory income limits.⁹

⁷ Ex. TURN-03 (Lamare/Goodson) at 3-4.

⁸ Joint Opening Brief on Definitional Questions by Center for Accessible Technology (CforAT), The Utility Reform Network (TURN), National Consumer Law Center (NCLC) and Sierra Club (collectively Joint Advocates) (Joint Advocates Opening Brief) at 13-26.

⁹ Ex. SCG-04 (Verduzco/Christian) at OV-RC-10.

1 The Joint Advocates' proposals are difficult to administer because participant-level
2 income data are often unavailable, inconsistently collected, or not routinely verified. As
3 discussed in Ex. SCG-04, SoCalGas further outlines how these limitations may impose
4 administrative burdens and implementation challenges.¹⁰

5 SoCalGas recommends that a public assistance program should qualify for categorical
6 eligibility (CE) if it satisfies four foundational criteria:

- 7 1. Uses a reasonably comparable household definition;
- 8 2. Applies a clearly defined and consistently administered income methodology;
- 9 3. Is income-based and sufficiently aligned or partially aligned while remaining
10 within statutory income limits; and
- 11 4. Uses income limits that do not exceed CARE or ESA statutory thresholds.¹¹

12 SoCalGas recommends that Commission staff, rather than utilities, be responsible for
13 evaluating CE programs and determining whether programs should be added to or removed from
14 the approved CE list. SoCalGas submits that a Commission-led process would promote
15 consistency, objectivity, and transparency while avoiding concerns regarding potential utility
16 bias.¹²

17 Although SoCalGas supports periodic review of CE programs, it opposes annual
18 stakeholder workshops, annual joint Tier 2 AL filings, and annual updates to the CE list.¹³

19 Instead, SoCalGas recommends the Commission staff review CE programs periodically
20 based on each Low-Income Program Application decision and corresponding program cycle. For
21 the current application, the review would occur either PY 2028-2033 or PY 2028-2031,
22 depending on the Commission's decision. Annual revisions would create implementation
23 challenges, increase administrative burden, and may confuse customers regarding program
24 eligibility¹⁴ year after year.

¹⁰ *Id.* at OV-RC-10-11.

¹¹ *Id.* at OV-RC-10.

¹² *Id.* at OV-RC-11, 16-17.

¹³ *Id.* at OV-RC-15-16.

¹⁴ *Id.* at OV-RC-16-17; Ex. TURN-03 (Lamare/Goodson) at 13.

3.3. Post-Enrollment Verification

SoCalGas disagrees with TURN's recommendation that the Commission deny SoCalGas's request for general "flexibility" in the PEV cap.¹⁵ The Commission allows administrators to maintain program integrity through its effective enrollment, verification, and recertification processes, confirming discounts are offered to participants that satisfy the current CARE income eligibility requirements. Historically, SoCalGas has consistently maintained CARE enrollment rates that meet or exceed the Commission authorized goal of 95%.¹⁶

TURN's recommendation does not account for the purpose of SoCalGas's request. Rather than establishing a prescribed level of PEV activity, SoCalGas seeks additional flexibility in the PEV cap in consideration of elevated enrollment levels, evolving customer profiles, and continued enhancements to its CARE probability model.¹⁷ The existing PEV limitation is tied to each IOU's 2011 PEV rate and limits annual PEV activity to 200% of that historical rate unless additional approval is obtained.¹⁸

Recent enrollment experience illustrates the importance of retaining such flexibility. SoCalGas's CARE participation rate exceeded the Commission-authorized 95% goal during the current program cycle, reaching 111% in 2022, 110% in 2023, and 107% in 2024. SoCalGas's direct testimony explains that these elevated participation levels resulted from unique circumstances, including enrollment during the COVID-19 pandemic and associated required customer protection measures.¹⁹ These fluctuations demonstrate that CARE participation can be affected by changing circumstances over a program cycle and support maintaining an administrative tool that can respond to those conditions rather than relying exclusively on a cap derived from historical PEV activity.

SoCalGas recommends a flexible PEV rate cap rather than a fixed rate cap based on historical activity (IOUs rate caps range from 6% for one IOU to 19% for another IOU because of this) to allow the program to respond to evolving program conditions, manage enrollment risk, and efficiently target verification activities where they are most likely to identify eligibility

¹⁵ Ex. TURN-02 (Ashford) at 24.

¹⁶ Decision (D.) 21-06-015 at 20 (Table 1).

¹⁷ Ex. SCG-02 (Steinberg) at AS-22-23.

¹⁸ D.12-08-044 at 215; *see also* Ex. SCG-02 (Steinberg) at AS-22 n.45.

¹⁹ Ex. SCG-02 (Steinberg) at AS-22, Table 7.

1 discrepancies. Importantly, flexibility in the PEV cap does not mean that SoCalGas would
2 indiscriminately increase the number of customers selected for verification. As SoCalGas
3 explained in response to TURN, its actual PEV selections have historically remained below the
4 maximum allowable level because SoCalGas employs a targeted selection methodology rather
5 than randomly verifying customers up to the regulatory PEV cap. The CARE probability model
6 is used to identify accounts least likely to meet program eligibility, and PEV activity is driven by
7 operational needs, customer enrollment and recertification volumes, and the results of the
8 probability model.²⁰

9 As explained in response to Cal Advocates, SoCalGas proposes a flexible, data-driven
10 strategy under which verification and recertification activities may be adjusted based on actual
11 CARE enrollment levels. If CARE participation remains above targeted levels, SoCalGas may
12 adjust or increase PEV activity and/or reduce auto-recertification; conversely, if participation
13 declines, SoCalGas may decrease verification activity and increase auto-recertification
14 thresholds, as appropriate.²¹ A PEV process that has a flexible PEV rate model protects
15 ratepayer-funded program resources, supports equitable treatment of customers, and provides
16 confidence that assistance is reaching the vulnerable population the program was designed to
17 serve. The current 7% rate cap has been manageable in retaining eligible customers and de-
18 enrolling those verified over income or due to non-response, but as stated in testimony and in
19 response to Cal Advocates' data request, the proposed flexible PEV cap for all IOUs would
20 address concerns for evolving program conditions that resulted in oversubscription during the
21 current program cycle.

22 PEV flexibility therefore serves as an important administrative tool for managing CARE
23 participation and maintaining program integrity. Rather than prescribing a static verification
24 level based on historical activity, the requested flexibility would allow SoCalGas to use PEV at
25 appropriate levels based on then-current enrollment conditions and model outputs, while
26 continuing to focus verification on customers identified through its probability model. This
27 flexibility supports SoCalGas's efforts to maintain CARE participation consistent with the

²⁰ See Appendix A – Data Request No. CalAdvocates-KH-SCG-2026-1, SoCalGas Response to Question 14 at 36.

²¹ *Id.*

Commission-authorized 95% goal while continuing to confirm that program benefits are directed to eligible households.

3.4. Reject CETF’s Recommendation to Integrate Affordable Telecommunications and Broadband Information into the Concurrent Application System (CAS) and Direct Notification

SoCalGas does not support California Emerging Technology Fund’s (CETF) recommendation to expand the Concurrent Application System (CAS)²² to include affordable telecommunications and broadband at this time. Phase I of CAS is already in development using the recommendations of the CAS Working Group. Additional data sharing would expand the scope beyond what the Commission authorized in Resolution (Res.) E-5394. The Commission adopted a phased approach to CAS implementation and expressly tasked the CAS Working Group with developing Phase II recommendations addressing potential expansions, including broader data sharing.²³ A future Phase II evaluation will provide the appropriate forum to consider these issues.

SoCalGas also does not support CETF’s recommendation to establish a formal direct-notification requirement through the existing CETF-IOU partnership.²⁴ As a starting point, such request exceeds the bounds of the Scoping Memo and Ruling issued on April 7, 2026. While broadband affordability is an important policy consideration, any associated costs should instead be addressed through the Commission’s broadband dockets²⁵ rather than through utility rates paid by utility customers. The proposed requirement of implementing a formal direct-notification requirement would create a new unplanned outreach obligation requiring additional staff time to identify eligible recipients, develop and review communications, manage customer data and

²² CETF Intervenor Testimony at 19-23.

²³ D.23-05-005 at 13-14, 22-23.

²⁴ CETF Intervenor Testimony at 15-17.

²⁵ CPUC Rulemakings that examine consumer access to broadband service, service quality, affordability, digital equity, and barriers to internet adoption, and establish policies for deploying reliable, affordable, and high-speed broadband throughout California, which include, but are not limited to: R.23-02-016, Order Instituting Rulemaking Proceeding to Consider Rules to Implement the Broadband Equity, Access, and Deployment Program (February 23, 2023); R.20-09-001, Order Instituting Rulemaking Regarding Broadband Infrastructure Deployment and to Support Service Providers in the State of California (September 10, 2020); and R.24-06-012, Order Instituting Rulemaking Proceeding to Consider Changes to the Commission’s Carrier of Last Resort Rules (June 20, 2024).

1 mailing lists, manage vendors, respond to customer inquiries, and track and report outreach
2 activities. It would also result in ongoing administrative and production costs that include but are
3 not limited to, paper, printing, envelopes, and postage, with total costs dependent on factors
4 including required frequency, target recipient population, language and accessibility
5 requirements, format, and reporting expectations.

6 These activities or costs were not contemplated in SoCalGas's filed CARE and ESA
7 marketing and outreach plans or proposed budgets for PYs 2028-2033. Absent separate funding,
8 implementation would divert resources from Commission-authorized CARE and ESA outreach
9 activities, reducing the flexibility needed to effectively support program enrollment and achieve
10 program objectives.

11 **3.5. CHANGES Program**

12 TURN recommends that the IOUs standardize their presentation of the CHANGES
13 budget as a separate line item within the CARE budget.²⁶ SoCalGas generally agrees with TURN
14 that the authorized CHANGES budget should be presented separately from CARE administrative
15 budgets.²⁷

16 CHANGES is a distinct statewide program with its own objectives, activities, and
17 funding requirements. Presenting CHANGES funding as a separate line item improves
18 transparency and allows the Commission and stakeholders to more accurately evaluate both
19 CARE administrative costs and CHANGES program expenditures. Separating CHANGES
20 funding from CARE administrative budgets also provides a clearer understanding of the
21 resources required to administer the CARE program itself and avoids conflating CARE
22 administrative activities with statewide CHANGES program activities.

23 Accordingly, if the Commission authorizes continued funding for CHANGES, SoCalGas
24 supports presenting the CHANGES budget as a separate line item within the CARE budget to
25 improve transparency and facilitate future program oversight.²⁸

²⁶ Ex. TURN-02 (Ashford) at 35.

²⁷ *Id.*

²⁸ See Notice of Correction to Application of SoCalGas for Approval of Its ESA and CARE Programs and Budgets for Program Years 2028-2033 (August 11, 2026), at Attachment E-3 ("PY 2028-2033 CARE Table B-1: CARE Program Budget" presents cost categories of "Energy Division Staff" and "CHANGES" within the "CPUC" cost category).

3.6. CARE Delivery and IT Enhancements

SoCalGas opposes Cal Advocates' recommendation to deny SoCalGas's proposed CARE Delivery and IT Enhancements. Cal Advocates' analysis places disproportionate weight on whether each project produces immediately quantifiable enrollment gains or direct cost savings.²⁹ As discussed in SoCalGas's Exhibit SCG-01, SoCalGas proposes its CARE Delivery and IT enhancements to streamline program delivery, new enrollment, recertification, and verification processes in response to evolving challenges posed by California's dynamic socioeconomic landscape.³⁰ SoCalGas's proposed enhancement projects support customer accessibility, will reduce barriers to enrollment, recertification, and verification, and encourage improvements to customer satisfaction. Further, these CARE technology investments provide essential administrative value to SoCalGas's Income Qualified Programs (IQP) and its customers by improving data accuracy and program controls, reducing manual processing, and supporting regulatory compliance. These investment projects also address operational and technology gaps created by evolving technology, security threats, customer expectations, and accessibility standards. Without periodic technology modernization, cybersecurity protections and digital customer experiences can deteriorate over time, increasing vulnerabilities, and the risks that systems will no longer meet operational or customer needs.

Customer enrollment patterns also demonstrate the importance of maintaining modern, accessible CARE technology platforms. Since SoCalGas introduced online CARE enrollment and recertification through My Account in 2017, customers have increasingly relied on technology-enabled enrollment channels. Online enrollments represented 15% of new enrollments in 2017 and increased to 28% in 2024, while paper enrollments declined from 51% to 11% over the same period.³¹ These trends demonstrate that digital and other technology-enabled channels have become an increasingly important component of CARE program delivery. Accordingly, continued investment in these platforms should not be evaluated solely by whether

²⁹ Ex. CA-02 (Hu) at 1-16.

³⁰ Ex. SCG-01 (Verduzco/Christian) at OV and RC-36.

³¹ Annual Report Activity of SoCalGas on Low Income Assistance Programs for 2017 (May 1, 2018), available at: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M220/K410/220410347.PDF>; Annual Report of SoCalGas on Low Income Assistance Programs for Program Year 2024 (July 1, 2025), available at: <https://liob.cpuc.ca.gov/wp-content/uploads/sites/14/2025/10/A.19-11-006-SoCalGas-2024-ESA-CARE-Annual-Report-Public-Version.pdf>.

1 a particular enhancement can be attributed to an incremental number of enrollments;
2 modernization is also necessary to maintain accessible, reliable, and efficient channels that
3 customers already use to enroll and interact with the CARE program.

4 SoCalGas's direct testimony, together with its response to Cal Advocates' Data Request,
5 provides additional information regarding the proposed projects' scope, funding assumptions,
6 operational need, and anticipated benefits.³² These materials demonstrate that the proposed
7 investments are supported by identified program and administrative requirements. The
8 Commission has historically recognized that reasonable CARE administration requires
9 investment in systems, technology, and customer-facing platforms.³³

10 In accordance with D.16-11-022, the Commission, pursuant to Assembly Bill (AB)
11 793³⁴, ordered IOUs to build out the CARE online and mobile application, enhance its websites
12 for mobile use and use new technology to support outreach and marketing. Consistent with this
13 direction, SoCalGas's proposed CARE Delivery and IT Enhancements support continued
14 modernization of customer-facing systems and program administration.

15 Consistent with the Commission's guidance, SoCalGas's proposed PYs 2028–2033
16 funding continues this established direction by requesting approval to modernize SoCalGas's
17 decade-old CARE online platform, which has not undergone a comparable technology upgrade
18 since its initial implementation. Accordingly, continued investment is necessary to enable the
19 platform to remain effective, accessible, and capable of meeting current and future customer
20 needs. Therefore, SoCalGas requests that the Commission approve SoCalGas's proposed IT
21 budgets as these investments will keep CARE Program's customer-facing technology aligned
22 with evolving customer expectations, digital channels, program requirements, and underlying
23 technology. They should therefore be viewed as essential infrastructure that supports customer
24 access and effective program administration.

³² See Appendix A – Data Request No. CalAdvocates-KH-SCG-2026-1.

³³ D.16-11-022 at 308-310, 314-320, 430-436 (Conclusions of Law (COL) 127, 143, 152, 154, 157),
477-478 (Ordering Paragraphs (OP) 102, 104).

³⁴ AB 793 (Quirk, 2015), *available at*: <https://legiscan.com/CA/text/AB793/id/1265192>, was designed to improve energy efficiency for low-income customers and to promote the adoption of energy management technology (EMT), which are products, services, or software that help customers understand and control their energy use.

1 As reflected in Cal Advocates' testimony, one of the primary objections to the proposed
2 CARE Delivery and IT Enhancements is that certain benefits are not quantified and portions of
3 the funding requests are based on planning-level estimates. However, the absence of a quantified
4 enrollment target does not mean a project lacks value or operational justification. As discussed
5 below and further described in SoCalGas's responses to Cal Advocates Data Request No.
6 CalAdvocates-KH-SCG-2026-1,³⁵ the proposed enhancements address identified system
7 limitations, improve program administration, support customer accessibility, and reduce reliance
8 on manual processes. Accordingly, the proposed projects should be evaluated based on their
9 demonstrated operational need and administrative value, rather than solely on whether every
10 anticipated benefit can be expressed as a quantified enrollment or cost-savings metric.

11 SoCalGas provides the following business justifications demonstrating the operational
12 need, reasonableness, and necessity of the proposed CARE delivery improvement projects.

13 **3.6.1. Website and Portal Improvements**

14 **3.6.1.1. User Experience (UX) Redesign and Multi-Session Support**

15 Website and portal improvements are consistent with the Commission's direction in
16 D.16-11-022 to expand customer access to CARE through mobile phones and utility websites.³⁶
17 Technology that supports accessibility is a critical component of the infrastructure required to
18 effectively administer the CARE Program and maintain pathways for eligible customers to
19 receive program benefits. The proposed enhancements advance that objective by making
20 program information and enrollment and recertification functions easier to access and use across
21 digital channels, reducing customer effort and potential barriers to participation. Technology
22 modernization is necessary to preserve the accessibility, functionality, and effectiveness of
23 customer service channels as technology and customer expectations evolve.

24 The User Experience (UX) Redesign and Multi-Session Support enhancements are
25 components of the broader Website and Portal Improvements initiative and are intended to
26 improve functionality and reduce obstacles or delays that may make it harder for customers to
27 complete applications, enroll in the program, or receive benefits.

³⁵ See Appendix A – Data Request No. CalAdvocates-KH-SCG-2026-1, SoCalGas Response to Question 8 at 23-26.

³⁶ D.16-11-022 at 45-46.

1 As SoCalGas explained in its response to Cal Advocates Data Request No.
2 CalAdvocates-KH-SCG-2026-1, Question 11³⁷, the current CARE application process generally
3 requires customers to complete enrollment, recertification, and verification transactions within a
4 single session and channel. If a customer requires additional time or assistance, the customer
5 may be required to restart portions of the process, resulting in duplicate effort and an increased
6 likelihood of incomplete submissions.³⁸ Absent the proposed enhancement, customers would
7 continue to face these limitations, increasing the likelihood of repeated customer interactions and
8 incomplete transactions.

9 Cal Advocates recommends that the Commission deny the proposed technology
10 enhancements on the grounds that the requested funding is based on planning-level assumptions
11 and certain anticipated benefits are not quantified.³⁹ However, the absence of a quantified
12 enrollment target does not mean the project lacks value or operational justification. Although
13 SoCalGas did not develop a specific estimate of application abandonment rates associated with
14 this enhancement, the identified system limitation demonstrates a reasonable operational need for
15 the proposed functionality. The value of the project should therefore be evaluated based on its
16 ability to reduce customer burden, eliminate duplicate effort, and improve accessibility and
17 usability of the CARE enrollment process, rather than solely on whether a precise enrollment
18 impact can be quantified.

19 For example, customers may not complete an application or PEV in a single web/mobile
20 session and may need to return to the application at a later time to upload necessary
21 documentation or other requested information. Multi-session support preserves customer
22 progress, improves accessibility, and reduces the likelihood that an otherwise eligible customer
23 abandons the application process. Similarly, user-experience improvements are intended to
24 simplify navigation, improve completion rates, reduce customer confusion, and decrease the
25 need for in-person or over-the-phone customer assistance.

³⁷ See Appendix A – Data Request No. CalAdvocates-KH-SCG-2026-1, SoCalGas Response to Question 10 at 28-29.

³⁸ *Id.*, Question 11 at 30.

³⁹ Ex. CA-01 (Ahlstedt/Hu) at 1-4.

1 As described in SoCalGas's response to Cal Advocates Data Request No. CalAdvocates-
2 KH-SCG-2026-1,⁴⁰ the estimated cost of the UX Redesign and Multi-Session Support
3 enhancements is based on approximately 1,900 hours of anticipated implementation effort using
4 a blended labor rate of \$150 per hour. These assumptions provide a reasonable planning-level
5 basis for estimating the funding necessary to implement the proposed enhancements.

6 Accordingly, SoCalGas requests that the Commission approve the proposal because it
7 addresses an existing system limitation, reduces customer burden, supports more efficient CARE
8 program administration, and improves the accessibility of enrollment, recertification, and
9 verification processes.

10 **3.6.1.2. SAP Content Management Upgrade**

11 The SAP Content Management Upgrade is also a component of the broader Website and
12 Portal Improvements initiative. Unlike customer-facing enhancements, this project serves as
13 foundational technology infrastructure necessary to support CARE program operations.

14 As explained in SoCalGas's response to Cal Advocates Data Request No. CalAdvocates-
15 KH-SCG-2026-1,⁴¹ CARE applications and supporting documents are currently maintained in a
16 separate document repository that requires CARE representatives to navigate between multiple
17 systems when assisting customers. The proposed upgrade would integrate CARE document
18 management with SAP CIS, improving system compatibility and streamlining program
19 administration.

20 SoCalGas disagrees with Cal Advocates' recommendation to deny the proposed
21 technology enhancements on the grounds that costs are based on planning-level assumptions and
22 benefits are not quantified.⁴² However, the SAP Content Management Upgrade addresses an
23 identified operational limitation within the current CARE document management process. The
24 project's value should therefore be evaluated based on its ability to improve system
25 compatibility, streamline workflows, and support efficient CARE program administration, rather
26 than solely on whether it produces a measurable enrollment impact.

⁴⁰ See Appendix A – Data Request No. CalAdvocates-KH-SCG-2026-1, SoCalGas Response to Question 6 at 20-21.

⁴¹ *Id.*, Question 8 at 23-26, Question 10 at 28-29.

⁴² Ex. CA-02 (Hu/Ahlstedt) at 2-15.

1 The SAP Content Management Upgrade is not proposed as an enrollment-focused
2 initiative, but as an underlying technology enhancement necessary to maintain system
3 functionality, security, and operational reliability.⁴³ Administrative systems require periodic
4 modernization to remain secure, supported, compatible with other enterprise platforms, and
5 capable of meeting evolving business requirements. Deferring these upgrades prolongs reliance
6 on aging systems and fragmented processes, increasing administrative burden and limiting
7 SoCalGas's ability to streamline document management, improve system compatibility, and
8 efficiently support CARE program operations. As business needs evolve and customer
9 expectations grow, outdated technology can limit the organization's ability to implement new
10 features, improve service delivery, and respond efficiently to regulatory or operational
11 requirements. Additionally, postponing modernization efforts often results in reliance on dated
12 legacy systems, which typically require more resources to support, troubleshoot, and integrate
13 with newer technologies.

14 The requested funding is also based on identified project activities and planning
15 assumptions. As described in SoCalGas's response to Cal Advocates Data Request No.
16 CalAdvocates-KH-SCG-2026-1,⁴⁴ the approximately \$1 million estimate reflects SAP
17 integration work, development of document interfaces between My Account and SAP, and
18 associated licensing and storage requirements.

19 Accordingly, the project's reasonableness should be evaluated based on its contribution to
20 system sustainability, operational reliability, workflow efficiency, and long-term customer
21 service support, rather than narrowly on direct enrollment impacts.

22 **3.6.2. AB 2672/HomeKey**

23 Contrary to Cal Advocates' recommendation to deny the proposed enhancement,⁴⁵ the
24 AB 2672/HomeKey project addresses an existing operational need rather than a speculative
25 future requirement. The project is intended to modernize Expanded CARE enrollment and
26 recertification by replacing a labor-intensive manual process with a web-based enrollment and
27 processing platform that supports application routing, validation, reporting, and customer-facing

⁴³ Ex. SCG-01 (Verduzco/Christian) at OV and RC-42-43.

⁴⁴ See Appendix A – Data Request No. CalAdvocates-KH-SCG-2026-1, SoCalGas Response to Question 10 at 28-29.

⁴⁵ Ex. CA-02 (Hu) at 2-17.

1 enrollment activities. The AB 2672/HomeKey enhancement addresses an identified operational
2 limitation by replacing a labor-intensive manual enrollment and recertification process with an
3 automated digital workflow. The project should therefore be evaluated based on its ability to
4 improve administrative efficiency, accessibility, reporting capabilities, and long-term program
5 administration, rather than solely on whether every anticipated benefit can be expressed as a
6 quantified enrollment metric.

7 As SoCalGas explained in its response to Cal Advocates Data Request No.
8 CalAdvocates-KH-SCG-2026-1,⁴⁶ the current Expanded CARE enrollment and recertification
9 process relies on manual application intake, processing, tracking, and reporting activities. The
10 proposed enhancement would digitize and automate these functions through a web-based
11 enrollment and processing platform that supports application routing, validation, reporting, and
12 customer-facing enrollment processes. The platform would provide the digital capabilities
13 needed to administer AB 2672 eligibility efficiently while modernizing Expanded CARE
14 enrollment and recertification.

15 The proposed \$300,000 cost reflects an estimate to design, develop, test, and implement a
16 web-based Expanded CARE Program enrollment and processing hub, using a combination of
17 internal labor and contractor resources. The estimate includes effort associated with application
18 workflow design, automated routing and validation functionality, reporting capabilities,
19 integration with customer facing systems, testing, deployment, and implementation activities
20 necessary to transition the program from a predominantly manual process to a digital platform.
21 As further described in SoCalGas's response to Cal Advocates Data Request No. CalAdvocates-
22 KH-SCG-2026-1,⁴⁷ the estimated cost represents a preliminary planning-level estimate
23 developed for future project activities. Because final design, procurement, labor classifications,
24 vendor selection, and implementation details have not yet been finalized, the estimate is
25 appropriately based on planning assumptions regarding the level of effort required to develop
26 and implement the platform.

27 SoCalGas estimates that Expanded CARE application processing currently costs
28 approximately \$57 per application. Based on an estimated 1,500 to 2,000 applications every four

⁴⁶ See Appendix A – Data Request No. CalAdvocates-KH-SCG-2026-1, SoCalGas Response to Question 3 at 8-11, Question 5 at 15-19.

⁴⁷ *Id.*, Question 5 at 15-19.

1 years, the current manual process costs approximately \$105,000 every four years. The workload
2 includes approximately 1,000 Expanded CARE accounts that require recertification every
3 enrollment cycle, as well as more than 16,000 potentially eligible group living facilities, migrant
4 farmworker housing facilities, agricultural worker housing facilities, and Homekey housing
5 facilities that are not currently enrolled in CARE. These figures demonstrate that the proposed
6 platform would support a continuing and material workload rather than a limited, one-time
7 implementation activity. Automation is projected to reduce processing costs by approximately 30
8 to 40 percent, producing estimated direct savings of approximately \$32,000 - \$42,000 over four
9 years. These savings are recurring and should be evaluated over the platform's useful life rather
10 than compared with the initial investment based on a single processing cycle.

11 The quantified savings do not capture the platform's full operational value. As discussed
12 in SoCalGas's response to Cal Advocates Data Request No. CalAdvocates-KH-SCG-2026-1,⁴⁸
13 the proposed enhancement is expected to improve processing efficiency, reduce administrative
14 burden, enhance accessibility, strengthen reporting capabilities, and improve customer
15 experience in addition to generating operational savings. Automating repetitive activities would
16 improve application validation and processing consistency, strengthen reporting and program
17 oversight, and allow staff to devote more time to incomplete applications, customer assistance,
18 and outreach. These benefits would improve program administration while helping avoid the
19 continued cost and operational constraints of the existing manual process.

20 **3.6.3. Interactive Virtual Assistant (IVA) Telecommunications Upgrade**

21 Contrary to Cal Advocates' recommendation to deny the proposed IVA
22 Telecommunications Upgrade,⁴⁹ the project addresses identified limitations in SoCalGas's
23 current Interactive Virtual Assistant (IVA) platform and is intended to improve both the
24 customer experience and the quality and completeness of eligibility information collected during
25 CARE interactions. Cal Advocates recommends denial of certain technology enhancements on
26 the grounds that costs are based on planning-level assumptions and anticipated benefits are not
27 quantified.⁵⁰ However, the IVA enhancement addresses existing operational limitations affecting

⁴⁸ *Id.*, Questions 3-5 at 8-19.

⁴⁹ Ex. CA-02 (Hu) at 2-16-17.

⁵⁰ Ex. CA-02 (Hu) at 2-16.

1 eligibility-data collection and program administration. The project should therefore be evaluated
2 based on its ability to improve data quality, administrative efficiency, and customer interactions,
3 rather than solely on whether every anticipated benefit can be expressed as a quantified
4 enrollment metric.

5 As detailed in SoCalGas's response to Cal Advocates Data Request No. CalAdvocates-
6 KH-SCG-2026-1, the current IVA platform allows customers to identify only a single qualifying
7 public assistance program and provide household income but cannot capture additional
8 qualifying public assistance programs or the type and source of household income.⁵¹ These
9 limitations can result in incomplete eligibility information and additional manual review or
10 customer follow-up.

11 Specifically, the enhanced IVA functionality would allow customers to provide
12 information on multiple qualifying public assistance programs and additional household income
13 details during one interaction.⁵² By expanding the information that can be captured through the
14 self-service channel, the upgrade is expected to improve application completeness, reduce
15 manual processing and follow-up activities, and support more efficient program administration.
16 These improvements benefit both customers and administrators by reducing unnecessary effort
17 while improving the accuracy and consistency of eligibility determinations.

18 While the project is not intended to achieve a specific enrollment target, its benefits
19 extend beyond measurable enrollment impacts.⁵³ The proposed upgrade is intended to improve
20 customer convenience, data quality, administrative efficiency, and the effectiveness of the self-
21 service enrollment experience. Accordingly, the absence of a specific enrollment target does not
22 diminish the operational and customer-service benefits the enhancement is intended to provide.

23 The proposed estimate is based on anticipated internal labor, contractor support, and
24 software-related costs associated with enhancing the IVA platform's functionality and
25 telecommunications capabilities. As described in SoCalGas's response to Cal Advocates Data
26 Request No. CalAdvocates-KH-SCG-2026-1,⁵⁴ the estimate includes identified labor resources,

⁵¹ See Appendix A – Data Request No. CalAdvocates-KH-SCG-2026-1, SoCalGas Response to Question 3 at 8-11.

⁵² *Id.*, Question 5 at 15-19.

⁵³ *Id.*, Question 4 at 12-14.

⁵⁴ *Id.*, Question 1 at 2-5.

1 contractor support, and annual software and technology costs necessary to implement and
2 maintain the enhanced functionality.

3 Cal Advocates also suggests that certain proposed enhancements may be duplicative of
4 CAS functionality.⁵⁵ However, the proposed IVA enhancement serves distinct functions within
5 SoCalGas’s operating environment, including SoCalGas-specific customer interactions,
6 eligibility-data collection, workflow management, reporting capabilities, and system integrations
7 necessary for CARE program administration. The proposed enhancement is therefore intended to
8 complement, rather than duplicate, statewide interface systems.

9 For these reasons, SoCalGas respectfully requests that the Commission reject Cal
10 Advocates’ recommendation to deny the proposed IVA Telecommunications Upgrade.

11 **3.7. CARE Operational Enhancements**

12 **3.7.1. Workflow Management Dashboard**

13 Cal Advocates recommends that the Commission should deny the proposed annual
14 vendor escalation applied to the Workflow Management Dashboard licensing costs.⁵⁶ Cal
15 Advocates alleges that “SoCalGas’s forecasted licensing costs include an unsupported escalation
16 assumption” and “applies an annual vendor price increase of up to five percent in addition to a
17 separate three percent inflation adjustment”.⁵⁷ SoCalGas respectfully disagrees with Cal
18 Advocates’ characterization of the forecast assumptions. The five percent annual adjustment is
19 not an inflation escalation. Rather, it reflects the maximum annual licensing price increase
20 identified in the vendor pricing information provided to SoCalGas in 2025. Separately, SoCalGas
21 applied the escalation adjustment to account for the potential effects of inflation over the 2028–
22 2033 forecast period. Accordingly, the two assumptions address different cost drivers and should
23 not be characterized as duplicative inflation adjustments.

24 Because the Workflow Management Dashboard was newly implemented in 2025,
25 SoCalGas does not yet have sufficient historical license-renewal experience to establish a multi-
26 year trend in vendor pricing. In developing its forecast, SoCalGas therefore relied on the best
27 information available at the time, including the vendor’s documented indication that licensing

⁵⁵ Ex. CA-02 (Hu) at 2-16.

⁵⁶ *Id.* at 2-17-18.

⁵⁷ *Id.* at 2-18.

1 prices could increase by up to five percent annually. The five percent represents a reasonable
2 forecast assumption for potential vendor-specific price increases and does not assume that a five
3 percent increase will necessarily occur each year.

4 The separate three percent escalation addresses inflation and was incorporated into the
5 forecast for a different purpose. Thus, the forecast recognizes both potential changes in the
6 vendor's licensing price and general inflationary impacts, rather than applying two inflation
7 escalators to the same cost.

8 In the absence of sufficient historical renewal data, assuming no change in vendor
9 licensing prices throughout the forecast period would disregard the vendor pricing information
10 available when the forecast was prepared and could understate the resources necessary to
11 maintain the Workflow Management Dashboard.

12 **4. ESA PROGRAM ISSUES**

13 **4.1. Workforce Education, Training, and Contractor Payment Practices**

14 In its testimony, the Energy Efficiency Council (EEC) supports SoCalGas's proposed
15 Workforce Education and Training (WE&T) initiative, which identifies the financial burden that
16 ESA Program service providers incur when onboarding and training new workers.⁵⁸ In
17 testimony, SoCalGas explained that service providers must invest in onboarding and hands-on
18 training that is essential to long-term workforce success, but does not typically result in
19 immediate productivity.⁵⁹ Although businesses operating in the competitive market may offset
20 those costs by adjusting prices, ESA service providers cannot unilaterally increase their pricing
21 because they operate within Commission-authorized program budgets.⁶⁰ EEC acknowledges that
22 SoCalGas's proposal provides a practical mechanism to address ESA Program-specific
23 workforce training needs and recognizes the importance of supporting employer-based
24 onboarding and on-the-job training necessary for successful program delivery. SoCalGas
25 appreciates the support expressed by EEC for its proposed WE&T initiative.⁶¹

⁵⁸ Testimony of Allan Rago on behalf of EEC at 6-8.

⁵⁹ *Id.* at 6 (citing Ex. SCG-01, Section 14.1, OV and RC-163).

⁶⁰ *Id.* at 6.

⁶¹ *Id.* at 6-8.

1 EEC also raises concerns regarding delayed payments for ESA contractors. According to
2 EEC, contractors must pay for labor, materials, vehicles, insurance, and other operating expenses
3 when work is performed, yet reimbursement may not occur for several months after a completed
4 job is submitted.⁶² EEC further recommends that the 30-day payment period begins when a
5 contractor submits a complete job package and require the utility and program administrators to
6 determine satisfactory completion within that same 30-day timeframe.⁶³

7 Regarding contractor payment practices, contractors may submit invoices upon
8 completion of designated billing milestones, which may include but are not limited to
9 Enrollment, Weatherization, and Gas Appliance Installation. An invoice may include work from
10 multiple completed enrollment milestones, and there is no minimum threshold for invoice
11 submission. The timing of invoice submission is at the contractor's discretion. SoCalGas clarifies
12 that the 30-day payment period begins once a contractor submits a complete invoice for review.

13 Under normal circumstances, upon receipt of an invoice, SoCalGas begins its review and
14 approval process. For invoices that satisfy applicable review requirements, SoCalGas completes
15 the approval process and releases payment in accordance with Net 30 terms, with the payment
16 date calculated from the date SoCalGas received the invoice. Thus, although review and
17 approval occur after receipt of the invoice, approved funds are generally released on the 30th day
18 following the invoice receipt date.

19 In other instances, invoices may include enrollments that do not satisfy SoCalGas's
20 review requirements. In such cases, SoCalGas removes the affected enrollments from the
21 invoice, documents and communicates the reasons for rejection to the contractor, and proceeds
22 with payment for the remaining approved work. To obtain payment for a rejected enrollment, the
23 contractor must address the identified issue by providing any necessary additional information,
24 clarification, or correction and, as applicable, resubmit the enrollment on a new invoice. For
25 example, if a contractor submits an invoice to SoCalGas on Day 1 and SoCalGas identifies a
26 discrepancy, it will remove the affected enrollments and continue processing the remaining
27 approved work for payment. If additional time is required to resolve discrepancies, remove the
28 rejected enrollment(s), or complete the quality assurance review, payment may occur after the

⁶² *Id.* at 13.

⁶³ *Id.*

30-day period. The contractor must address the stated rejected reason(s) and resubmit the work on a new invoice, as applicable.

4.2. ESA Budgets, Underspending, and Escalation

Cal Advocates recommends that the Commission to require the IOUs to adjust ESA Program budgets through a Tier 3 AL when actual spending is significantly below authorized levels.⁶⁴ Specifically, if an IOU underspends its budget by 30% during the first two years of the cycle (2028-2029), the utility should seek a downward budget adjustment, reduce future annual budgets to better align with spending needs, and use unspent funds to offset future collections. The proposal aims to reduce overcollection, return savings to ratepayers, and address underutilized programs.⁶⁵ Cal Advocates also recommends capping SoCalGas's energy-efficiency budget at 80% of the 2025 authorized level based on SoCalGas's historical spending and achievement of its adopted energy-savings goals. Cal Advocates' claim is unsupported. Accordingly, SoCalGas provides the following clarification to address and refute this assertion.

Historical underspending, specifically when counting the entire ESA Program portfolio, ESA Main and Multifamily Whole Building (MFWB), does not by itself establish the level of funding necessary to deliver ESA Program services in a future program cycle nor does aggregate program performance demonstrate that the historical relationship between spending and energy savings can be replicated with a reduced budget. ESA Main and the Multifamily Whole Building (MFWB) Program have distinct implementation timelines, spending patterns, and delivery structures that should be considered when evaluating historical expenditures to determine future funding requirements.

SoCalGas's 2025 Amended Annual Report ⁶⁶ shows that ESA Main spent approximately 93% of its authorized budget as of December 31, 2025, treated 44,412 homes, and achieved 1,108,855 therms in savings. Southern MFWB separately contributed an additional 416,568 therms in savings. Collectively, ESA Main and Southern MFWB achieved approximately 1.53 million therms as of December 31, 2025, exceeding the annual portfolio therm-savings goal of

⁶⁴ Ex. CA-01 (Li-Couthouis) at 2-3-4.

⁶⁵ *Id.*

⁶⁶ Amended Annual Report of SoCalGas on Low Income Assistance Programs for Program Year 2025 (June 26, 2026), *available at*: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M609/K653/609653634.PDF>.

1 approximately 1.44 million therms. As such, portfolio-level savings performance should not be
2 treated as evidence that each component of the ESA portfolio was funded above its prospective
3 need or that an across-the-board reduction to future Energy Efficiency measures budgets would
4 result in SoCalGas's ability to achieve future program objectives.

5 The Southern MFWB's historical expenditure patterns also reflect circumstances specific
6 to the development of that program in the current cycle. The program launched in July 2023 and
7 initially experienced processing issues, incentive-alignment delays, and administrative
8 constraints that contributed to underspending and lower-than-expected energy savings.
9 Subsequent program improvements addressed the intake process, staff and administrator training,
10 multifamily-property outreach, and improved project completion timelines. These circumstances
11 demonstrate why expenditure variances should be evaluated within the MFWB program, rather
12 than being used as the basis for a uniform reduction to the entire ESA Program portfolio.

13 Recent Commission treatment, as seen in D.26-07-007 (Bridge Decision), further
14 supports evaluating budget requirements based on the specific program circumstances presented
15 in the record rather than applying a reduction based solely on historical spending. In D.26-07-
16 007, the Commission considered historical ESA spending together with inflation, upward cost
17 pressures, increased program activity, and continued efforts to achieve program goals. The
18 Commission approved most requested ESA Program line-item amounts while separately
19 reducing Southern MFWB budgets where the record did not sufficiently justify the requested
20 increases.⁶⁷ The Bridge Decision demonstrates that historical spending should inform the budget
21 review, but it should not be the only factor. Budget decisions should also account for program-
22 specific circumstances and the resources needed to meet expected delivery needs.

23 SoCalGas opposes Cal Advocates' recommendations to issue a mid-cycle Tier 3 AL⁶⁸ to
24 reduce budgets when underspending occurs. The Commission addressed both the treatment of
25 unspent funds and fund-shifting authority in D.21-06-015 and approved a framework that
26 includes reporting and stakeholder oversight.⁶⁹ D.26-07-007 similarly directed that outstanding
27 uncommitted and unspent funds at the end of 2026 be applied to 2027 ESA collections, with any

⁶⁷ D.26-07-007 at 45-46.

⁶⁸ Ex. CA-01 (Li-Couthouis) at 2-3-4.

⁶⁹ D.21-06-015 at 428-429, 520 (OP 181).

1 amounts remaining after 2027 rolled over to 2028 program spending upon approval of the 2028
2 budgets.⁷⁰ Therefore, existing Commission mechanisms exist to address unspent program funds
3 and mitigate ratepayer collection impacts without automatically reducing future authorized
4 program capacity based entirely on a historical expenditure threshold.

5 Cal Advocates' proposed 30% trigger does not account for the specific circumstances that
6 may be related to an expenditure variance. A portfolio-level variance may not accurately reflect
7 performance or funding needs within ESA Main and MFWB individually. Applying a mandatory
8 budget-reduction based on a numerical threshold creates a risk to future funding without first
9 identifying whether the variance reflects a continuing reduction in program funding needs or
10 circumstances specific to the timing and implementation of particular program activities.

11 In contrast, SoCalGas presented in Ex. SCG-01⁷¹ its proposal to standardize budget
12 flexibility rules that would allow for the flexible reallocation of funds across program years and
13 line items to respond to evolving program and customer needs, while remaining subject to
14 established reporting and oversight requirements.

15 Cal Advocates' proposal to require budget adjustments through a Tier 3 AL could
16 introduce significant administrative delays at a point when program decisions need to respond to
17 actual implementation conditions. Under CPUC General Order 96-B, Tier 3 ALs require
18 Commission approval through a formal Resolution adopted at a public Commission meeting,
19 rather than through staff disposition. This process includes notice, an opportunity for protest,
20 review by Energy Division staff, preparation of a draft resolution, public comment, and
21 Commission consideration, all of which can extend the approval timeline and delay
22 implementation of budget changes.

23 As a result, requiring a Tier 3 AL for mid-cycle budget adjustments could hinder timely
24 program administration, create uncertainty regarding available funding, and complicate program
25 planning, contracting, and service delivery. The proposal will increase regulatory burden and risk
26 disruptions to ongoing ESA Program operations. This timeline directly impacts the ESA
27 Program and the customers that the program serves in addition to the partnership that it has with
28 its contractors. Imposing an additional process based solely on a predetermined underspending

⁷⁰ D. 26-07-007 at 45-46.

⁷¹ Ex. SCG-01 (Verduzco/Christian) at 106-109.

1 threshold is unnecessary because existing reporting and Commission oversight already provide
2 sufficient visibility into ESA Program expenditures.

3 SoCalGas also opposes the recommendation to cap its energy-efficiency measure budget
4 at 80% of the 2025 authorized level and apply a 0% escalation rate.⁷² Cal Advocates bases its
5 recommendation on SoCalGas having achieved its adopted goals while spending below
6 authorized levels. That historical outcome, however, does not demonstrate that the costs of
7 delivering services in PYs 2028-2033 will remain at historical levels or that comparable program
8 results can be achieved prospectively with a reduced budget.

9 As proposed in SoCalGas's testimony, SoCalGas's forecasted budget and escalation
10 methodology are necessary to support the continued delivery of comprehensive ESA Program
11 services to eligible customers residing in single-family homes, mobile homes, multifamily in-
12 unit residences, and common areas.

13 SoCalGas's proposed budget reflects its forecasted cost per treatment and therm-savings
14 objectives and applies a 3% annual escalation factor. Applying a 0% escalation rate would
15 assume that program delivery costs remain unchanged throughout the future cycle, not
16 accounting for the inflation and upward cost pressures the Commission recently considered in
17 establishing 2027 ESA funding. In D.26-07-007, the Commission expressly recognized inflation
18 and upward cost pressures, along with increased program activity and continued efforts to
19 achieve program goals, when determining 2027 ESA funding.⁷³

20 Accordingly, SoCalGas recommends that the Commission reject Cal Advocates'
21 proposed 30% mandatory Tier 3 AL trigger, the proposed 80% cap on SoCalGas's Energy
22 Efficiency Measures budget, and the proposed 0% escalation rate. SoCalGas's proposed budget
23 and fund-management framework better recognizes the different characteristics of ESA Main
24 and MFWB, preserves the ability to respond to evolving program needs, and maintains the
25 Commission's existing mechanisms for reporting, oversight, and treatment of unspent funds.

26 **4.3. ESACET and Therm-Savings Goals**

27 Cal Advocates recommends that the Commission cap SoCalGas's ESA Program Energy
28 Efficiency Measures budgets at 80 percent of the 2025 authorized budget level and discontinue

⁷² Ex. CA-01 (Li-Couthouis) at 2-39.

⁷³ D.26-07-007 at 45 (OP 16, 19).

1 ESA Program funding for tankless water heaters in the 2028-2033 cycle.⁷⁴ Cal Advocates bases
2 these recommendations on SoCalGas's 2024 and 2025 ESA Program performance during which
3 SoCalGas exceeded adopted therm-savings goals while spending below authorized budget levels,
4 the findings of the 2025 Potential and Goals (P&G) Study, and its position that funding for
5 tankless water heaters should be discontinued when a Viable Electric Alternative (VEA) exists.
6 Cal Advocates further argues that continued funding of gas, non-insulation measures is
7 inconsistent with the statutory objective of reducing hardships facing low-income households.⁷⁵

8 SoCalGas respectfully disagrees with Cal Advocates' recommendations⁷⁶ because they
9 do not reflect the relationship between program expenditures, measure deployment, and achieved
10 therm savings. SoCalGas's ability to exceed adopted therm-savings goals while spending below
11 authorized budget levels demonstrates effective program delivery and does not establish that
12 comparable savings can be achieved if funding is reduced or if measures that contribute to
13 portfolio performance are removed. Future program performance depends on maintaining a
14 balanced portfolio capable of addressing customer needs, housing conditions, equipment
15 replacement requirements, and the Commission's energy-savings objectives.

16 Cal Advocates' recommendation to materially reduce budget and still meet goals, while
17 also eliminating tankless water heaters, similarly overlooks the role these measures play within
18 the ESA Program portfolio. Cal Advocates presumes that SoCalGas's achievement of therm-
19 savings goals is predictive of future performance at its recommended lower budget level and
20 applies that logic as support for reducing future PY budgets. Tankless water heaters are an
21 important therm-saving measure within SoCalGas's ESA Program and contribute to the therm-
22 savings performance that Cal Advocates cites as evidence of program success.

23 SoCalGas provides the following analysis to counter Cal Advocates' claims. Forecasted
24 results indicate that tankless water heaters are expected to continue delivering meaningful
25 benefits to ESA customers throughout the 2028-2033 portfolio cycle. The measure is projected to
26 provide approximately \$3.0 million in lifetime customer bill savings from PY 2028 installations,
27 increasing to approximately \$3.5 million in lifetime customer bill savings from PY 2033

⁷⁴ Ex. CA-01 (Li-Couthouis) at 2-39, 2-43.

⁷⁵ Ex. CA-01 (Li-Couthouis) at 2-45.

⁷⁶ *Id.* at 2-39-40.

1 installations. These savings represent reductions in customer utility bills over the expected 20-
2 year useful life of installed tankless water heaters and are not annual savings. Across PY 2028
3 through PY 2033, tankless water heater installations are projected to provide approximately
4 \$19.6 million in total lifetime customer bill savings and approximately 18.2 million lifetime
5 therm savings. In addition, the measure's ESACET is projected to improve from 0.97 in PY 2028
6 to 1.05 in PY 2033, demonstrating increasing cost-effectiveness over time and performance that
7 consistently exceeds the ESA Program portfolio benchmark of 0.7. Collectively, these projected
8 benefits support SoCalGas's position that tankless water heaters continue to provide significant
9 long-term value to ESA customers and warrant continued inclusion in the measure portfolio.
10 Eliminating tankless water heaters from the ESA Program would remove a measure that delivers
11 substantial customer bill savings and therm savings, reducing the program's ability to achieve
12 customer and energy-saving objectives. Accordingly, eliminating tankless water heaters risks
13 reducing the therm savings available to the ESA Program, and Cal Advocates has not
14 demonstrated if or how the program could achieve its adopted therm-savings goals without this
15 measure.⁷⁷

16 Tankless water heaters also serve ESA's hardship-reduction objectives. Customers may
17 require ESA assistance when existing water-heating equipment has failed or is no longer
18 operating safely or efficiently. In these circumstances, reliable access to hot water is a basic
19 household necessity. For eligible households that may be unable to afford substantial upfront
20 replacement costs, an energy-efficient tankless water heater can restore an essential household
21 service while reducing energy consumption and producing lifecycle bill savings while avoiding
22 substantial upfront costs that many income-qualified households cannot afford.

23 Cal Advocates relies on a VEA proposal to support removal of tankless water heaters
24 from the ESA Program. In the Energy Efficiency rulemaking (R.25-04-010) the Commission,
25 through the issuance of a staff proposal in December 2025, is contemplating phasing out gas
26 incentives when a VEA exists.⁷⁸ Cal Advocates cites the Staff Proposal and analyses contained
27 within that proposal as justification for removal of tankless water heaters from SoCalGas's ESA

⁷⁷ R.25-04-010, ALJ's Ruling Providing Notice and Opportunity to Comment on Staff Proposal For Policy on Natural Gas Incentives (December 1, 2025), *available at*:
<https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M589/K486/589486895.PDF>.

⁷⁸ *Id.*

1 programs.⁷⁹ However, the Commission has not issued a proposed nor final decision establishing
2 what constitutes a VEA or when the policy will begin to be enforced. Cal Advocates also does
3 not explain how an Energy Efficiency staff proposal is relevant to ESA programs nor does it
4 explain how it came up with its determination of what constitutes a VEA in the context of ESA
5 programs. Notably, the staff proposal released in 2025 does not establish what constitutes a VEA
6 or how the proposal would be operationalized, including ambiguity around important factors
7 such as customer bill impacts, which are especially important for Income Qualified Program
8 customer groups.

9 Cal Advocates also cites to D.23-04-035 to claim that “the VEA Proposal recommends to
10 phase out incentives provided through the mass-market energy efficiency programs for gas
11 measures that are non-cost-effective and non-exempt.”⁸⁰ However, it fails to explain that the
12 decision only applies to new construction Energy Efficiency gas incentives and defers
13 determination of what constitutes a VEA to a future decision which has not yet been issued.⁸¹
14 Accordingly, Cal Advocates has not demonstrated that current Commission policy as it relates to
15 ESA Programs requires the removal of tankless water heaters from the ESA Program, nor
16 demonstrated that removal from available measures is consistent with program objectives.

17 SoCalGas also disagrees with Cal Advocates’ assertion that continued funding of gas,
18 non-insulation measures is inconsistent with the statutory objective of reducing hardships facing
19 low-income households.⁸² While Cal Advocates recommends reducing support for these
20 measures, Public Utilities Code §2790 directs the Commission to consider both cost-

⁷⁹ Ex. CA-01 (Li-Couthouis) at 2-9.

⁸⁰ *Id.* at 2-44.

⁸¹ D.23-04-035 at 6 (“Because the Staff Proposal’s recommended policy measures rely on how we define the term ‘viable electric alternative,’ we defer action on those recommendations.”).

⁸² See Pub. Util. Code §2790(a) (“The commission shall require an electrical or gas corporation to perform home weatherization services for low-income customers if the commission determines that a significant need for those services exists in the corporation’s service territory, taking into consideration both the cost-effectiveness of the services and the policy of reducing the hardships facing low-income households.”); Pub. Util. Code §2790(c) (“For purposes of this section, ‘weatherization’ may also include other building conservation measures, energy management technology, **energy-efficient appliances**, and energy education programs determined by the commission to be feasible, taking into consideration for all measures both the cost-effectiveness of the measures as a whole and the policy of reducing energy-related hardships facing low-income households.” (emphasis added)).

effectiveness and the policy of reducing hardships facing low-income households.⁸³

Accordingly, the relevant consideration is whether a measure delivers meaningful benefits to participating customers and advances the Commission's ESA Program objectives.

SoCalGas's ESA Program measure mix continues to provide affordable, energy-savings, health, comfort, and safety benefits to income-qualified households. These measures can address immediate equipment replacement needs,⁸⁴ improve household energy efficiency, reduce ongoing energy consumption, and maintain safe and reliable access to essential household services. Consistent with the Commission's longstanding ESA Program framework, the program should retain the flexibility to provide measures that best address customer circumstances and needs.⁸⁵ A categorical exclusion of gas, non-insulation measures would unnecessarily constrain that flexibility and could reduce the program's availability to customers, and the ability to alleviate hardship for participating households.

For these reasons, SoCalGas respectfully disagrees with Cal Advocates' recommendations to reduce future SoCalGas ESA Program budgets based solely on historical spending levels, eliminate tankless water heaters from the ESA Program portfolio, and presumptively exclude gas, non-insulation measures. The record demonstrates that SoCalGas's recent performance reflects effective program administration, that tankless water heaters continue to contribute to the program's therm-savings achievements while addressing critical customer needs, and that gas measures can further the ESA Program's affordability, energy-savings, health, comfort, safety, and hardship-reduction objectives. Consistent with the

⁸³ Ex. CA-01 (Li-Couthouis) at 2-45.

⁸⁴ Statewide Energy Savings Assistance Program 2021-2026 Cycle Policy and Procedures Manual (v1.6) (P&P Manual) at 53-58 (Attachment A: Eligible ESA Program Measures, Table A-1 n.7 ("Water heater repairs and replacements are also provided 1) when necessary to mitigate NGAT fails, 2) to replace leaking water heater tanks, or 3) when replacement has been identified through natural gas appliance evaluation.")), available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/consumer-support/documents/20260630-statewide-esa-program-pp-manualv16.pdf>.

⁸⁵ See D.21-06-015 at 413-415 (describing the role of ESA Working Group: "Discuss and recommend revisions to measures, including new, modified, or removed, to be submitted for notification through the monthly reports, as discussed earlier in Section 6.5.8 and in the following Section 10.3.6. The ESA WG process will allow the IOUs, as the program administrators, in collaboration with stakeholders, to propose and discuss measures that are appropriate for the customer to reduce energy use or hardship, generally fit within the cost-effective guidelines, and are appropriate to be funded by ESA ratepayers or can be cost shared with other programs per the process described in the referral, leveraging, and coordination Section 6.12.7.").

Commission's longstanding ESA Program framework, the Commission should preserve program flexibility by allowing program administrators to deploy measures that best address the circumstances and needs of participating households while continuing to advance the ESA Program's statutory and policy objectives.

4.4. Multifamily Whole Building Program

SoCalGas disagrees with Los Angeles (LA) County's proposal for a Regional Multifamily ESA Pilot sub-program administered by LA County in cooperation with individual jurisdictions and the IOUs⁸⁶ because the record does not provide a sufficient basis for the Commission to reasonably evaluate or approve the recommendation. LA County identifies the functions and outcomes its proposed regionally administered Multifamily Whole Building (MFWB) pilot would test, but does not sufficiently define how the proposed operating model would function or how responsibilities would be allocated between LA County and the IOUs.⁸⁷ The testimony instead contemplates that operational details would be resolved through a post-decision implementation process.⁸⁸ Without this information, the record does not provide a sufficient basis to evaluate how the proposed regional model would operate in practice.⁸⁹

SoCalGas's experience with the current regional MFWB structure further informs its assessment of LA County's proposal. SoCalGas identified delays in invoicing and service delivery and additional layers in project approval and implementation under the current structure, and accordingly proposes returning MFWB to a locally administered structure.⁹⁰ LA County acknowledges SoCalGas's proposal but instead proposes testing whether a local government regional administrator can improve delivery.⁹¹ Los Angeles County's testimony, however, does not address how its proposed regional model would mitigate the invoicing, service-delivery, and project-implementation challenges identified by SoCalGas under the current regional structure.⁹²

⁸⁶ Intervenor Testimony of the County of Los Angeles in the Consolidated 2028-2033 Income-Qualified Programs Proceeding (LA County Testimony) at 5.

⁸⁷ *Id.* at 5, 17-18.

⁸⁸ *Id.* at 5.

⁸⁹ *Id.* at 7.

⁹⁰ Ex. SCG-01 (Verduzco/Christian) at OV and RC-140-142.

⁹¹ LA County Testimony at 15-16.

⁹² *Id.* at 12-18.

1 Accordingly, SoCalGas recommends that the Commission decline to adopt LA County's
2 recommendation based on the current record. While LA County proposes to test whether its
3 regional administration model can improve multifamily delivery, the record does not sufficiently
4 establish how the proposed operating model would function or address the implementation
5 challenges SoCalGas has identified under the current regional structure. For these reasons,
6 SoCalGas respectfully submits that the record does not provide a sufficient basis to adopt LA
7 County's proposal in this proceeding.

8 **4.5. Impact of Natural Gas Measures on Affordability**

9 Several parties discuss the continued role of natural gas appliances through the ESA
10 Program and the impact of electrification on customer utility bills. Cal Advocates cautions that
11 the Commission should ensure that electrification measures do not increase ESA customer utility
12 bills.⁹³ TURN states that the Commission should require all utilities to coordinate on the
13 development and application of an electrification bill impact analysis and the Commission
14 should issue formal guidance on this. TURN recommends that this guidance should be with the
15 intention of encouraging electrification and limiting ESA customers' ability to select natural gas
16 appliances.⁹⁴ Sierra Club argued that ESA should prioritize electrification and only allow
17 installation of natural gas appliances in "narrowly-defined infeasibility conditions..." Sierra Club
18 grounds its arguments partly from concern about the long-term affordability of the gas system in
19 a contemplated scenario where electrification of higher income households results in lower
20 income households paying for significant stranded gas assets through higher base rates.⁹⁵
21 SoCalGas contends that natural gas still plays an important role in energy savings and
22 affordability and that by making it a requirement for all IOUs to offer electric measures in the
23 ESA program, the program could become overcomplicated and end up being a barrier to
24 participation.

25 As discussed in SoCalGas's direct testimony, the Company grounded its application
26 using three guiding principles: improve affordability, support long-term decarbonization, and

⁹³ Ex. CA-01 (Li-Couthouis) at 2-8.

⁹⁴ Ex. TURN-01 (Kallay) at 6.

⁹⁵ Ex. SC-01 (Barker) at 7.

1 continue to improve the customer experience. SoCalGas addresses the many claims regarding
2 affordability in this section.

3 Cal Advocates is correct to emphasize that electrification should not be obligatory for
4 ESA Program customers who would see bill increases from those measures.⁹⁶ Natural gas
5 remains the lowest-cost fuel for residential home and hot water heating in California for the
6 average customer.⁹⁷ Cal Advocates correctly notes that if households see their bills increase upon
7 participating in the ESA Program with electrification measures, this is in direct contrast to the
8 intent of reducing hardships facing these households. Regardless of fuel type, if the only measure
9 available to the customer increases energy costs, the customer hardship has not been reduced.
10 This is especially impactful for renters, where the owner receives long-term benefits, but the
11 tenant is left with higher bills at that residence.

12 SoCalGas is concerned that information provided by TURN regarding bill savings will
13 lead to ESA Program stakeholders to form incorrect conclusions about financial impacts to
14 customers. Figure 9 of the Kallay testimony⁹⁸ which is included below shows how annual bill
15 savings or additional costs for installing a heat pump varies greatly. SoCalGas notes that this
16 chart shows heat pump savings relative to various baseline home conditions and across different
17 climate zones,⁹⁹ TURN's testimony does not provide this additional context and does not
18 compare the bill impacts of a heat pump conversion with those of an efficient natural gas
19 system...Bars that are extending to the left with negative percent indicates bill increases, and bars
20 that are extending to the right with positive percentages indicates bill savings. This chart shows
21 that even with CARE discounts for electricity, heat pumps frequently do not result in bill savings
22 relative to baseline conditions. If a similar chart were made for a modeled scenario of a baseline
23 natural gas furnace as compared to a high efficiency furnace, the replacement would experience

⁹⁶ Ex. CA-01 (Li-Couthouis) at 2-8.

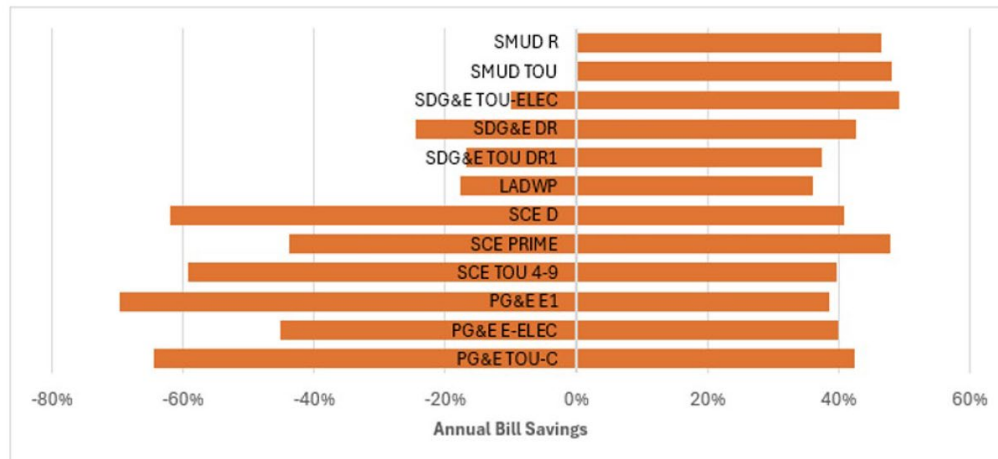
⁹⁷ Using statewide average costs, natural gas combustion, CARB estimates that both a natural gas combustion furnace and an electric heat pump cost \$20/month while for water heating, natural gas options are \$20-\$25/month and electric options are \$32-\$48/month. CARB, *Residential Appliance Comparison*, available at: <https://ww2.arb.ca.gov/capp/cst/tch/residential-appliance-comparison>.

⁹⁸ Ex. TURN-01 (Kallay) at 41-42.

⁹⁹ CEC, *Low-Income Residential Energy Bill Impact Analysis: Modeling the Impact of Decarbonization Activities on Energy Bills in California* (June 2026) at 9, available at: <https://www.energy.ca.gov/sites/default/files/2026-06/CEC-300-2026-003.pdf>.

the same pattern of bill savings similar to the Sacramento Municipal Utility District (SMUD) and SDG&E.

Figure 9. Annual bill savings of heat pump retrofit prototypes by utility rate (with low-income rate discounts applied)⁸⁴



Turning now to the long-term affordability of ESA customers remaining on the gas system, SoCalGas notes that Sierra Club makes several statements regarding low-income customers being stranded on gas infrastructure and left to bear the costs of stranded assets. “The Commission has recognized that if California policymakers fail to address these barriers, low-income households will likely be the ones left bearing increasing costs to maintain the legacy gas system while wealthier households electrify.”¹⁰⁰ Sierra Club therefore recommends redirecting ESA funding toward electrification for ESJ households to provide energy and bill savings, as well as health, comfort, and safety benefits.

Sierra Club identifies a long-term risk that declining gas throughput could place a larger share of fixed system costs on remaining customers. The Commission is actively planning for this risk and now requires heightened review of major gas infrastructure investments to help avoid stranded costs.¹⁰¹ That risk, however, does not establish that every near-term electric appliance conversion will reduce a participating household’s total energy bill. Energy

¹⁰⁰ Ex. SC-01 (Barker) at 7.

¹⁰¹ CPUC, *CPUC Creates New Framework to Advance California’s Transition Away From Natural Gas* (December 1, 2022), available at: <https://www.cpuc.ca.gov/news-and-updates/all-news/cpuc-creates-new-framework-to-advance-california-transition-away-from-natural-gas>.

1 affordability is an issue for many low-income customers now and in the near-term. When
2 comparing current residential electric and natural gas rates on a per unit of energy delivered,
3 electricity is roughly 4 to 5 times more expensive than natural gas.¹⁰² And when looking at
4 historical rate trends, between 2000-2023 average California residential electricity rates has
5 increased 60 percent above inflation, while natural gas rates have decreased by 20 percent in
6 SoCalGas territory.¹⁰³ The Commission should therefore evaluate both long-term system risk and
7 near-term household affordability, rather than treating either consideration as dispositive.

8 Fuel substitution is not guaranteed to reduce a low-income customer's monthly bill. The
9 CEC's 2026 modeling found bill savings for some combinations of measures, rates, and climate
10 zones, but low savings—and cases with bill increases (and in some cases significant increases)—
11 in locations with low cooling loads and high heating loads.¹⁰⁴

12 ¹⁰⁵Because low-income households face greater barriers to electrification, Sierra Club
13 contends that they are more likely to remain on the gas system and bear those costs.¹⁰⁶

¹⁰² CEC's *California Energy Demand, 2025–2045* “Baseline Demand Forecast Files,” Form 2.3, available at: <https://www.energy.ca.gov/data-reports/reports/integrated-energy-policy-report-iepr/2025-integrated-energy-policy-report-0>, report 2025 residential electricity rates ranging from 18.58 to 40.38 cents per kilowatt-hour (kWh), with a statewide average of 30.97 cents per kWh. Residential natural gas rates range from \$1.69 to \$2.62 per therm. Weighting those rates by each utility's residential natural gas consumption, as reported in the *2026 California Gas Report*, available at: https://www.socalgas.com/sites/default/files/2026-07/2026_California%20_Gas_Report.pdf, produces an average residential natural gas rate of \$2.07 per therm. Using the conversion factor of 1 therm = 29.3 kWh, the statewide average electricity rate converts to approximately \$9.07 per therm (30.97 cents per kWh × 29.3 kWh per therm). On this equivalent-energy basis, the average residential electricity rate is therefore approximately 4.4 times the average residential natural gas rate (\$9.07 ÷ \$2.07). Results vary by electric and gas utility combination. This comparison addresses the price of delivered energy only and does not account for differences in end-use equipment efficiency.

¹⁰³ Natural gas rates provided by CEC staff for SoCalGas residential rates (2023\$) and electric rates based on 2024 IEPR Demand Forecast statewide rates (2023\$). CEC, Baseline Demand Forecast Files: “CEDU 2024 Baseline Forecast – Total State,” accessed October 1, 2025, available at: <https://efiling.energy.ca.gov/GetDocument.aspx?tn=260931>. (All forecast files available at CEC, “California Energy Demand, 2024-2040,” n.d., <https://www.energy.ca.gov/data-reports/reports/integrated-energy-policy-report-iepr/2024-integrated-energy-policy-report-0>).

¹⁰⁴ CEC, *Low-Income Residential Energy Bill Impact Analysis: Modeling the Impact of Decarbonization Activities on Energy Bills in California* (June 2026), available at: <https://www.energy.ca.gov/sites/default/files/2026-06/CEC-300-2026-003.pdf>.

¹⁰⁵ Ex. SC-01 (Barker) at 28-29.

¹⁰⁶ *Id.*

1 However, Sierra Club’s concern about fixed gas system costs being spread over fewer
2 customers is a transition risk, but not a certainty about the timing or magnitude of any individual
3 customer’s future bill. As stated previously, the fear of escalating residential natural gas rates has
4 not come to fruition. Since 2000, residential electric rates have far exceeded the inflation rate by
5 60 percent while natural gas rates have declined by about 20 percent. Forcing low-income
6 households into appliances that could increase their energy bill, and burden is not a prudent use
7 of funds or equitable. Allowing low-income customers, the option to access incentive dollars for
8 high efficiency appliances, some of which can immediately reduce their energy burden, is an
9 equitable option that can work across a greater number of customer household conditions.

10 Sierra Club goes on to claim, “Further, because gas space and water heating appliances
11 have effective useful lives of over twenty years, electrifying low-income households in the
12 immediate term is critical to avoid exposing these households to gas rate shock, as installation of
13 new gas equipment locks the customer into gas reliance for the life of the appliance.”¹⁰⁷

14 However, the useful life of new equipment makes it important to consider both near-term
15 affordability and long-term transition risk before installation. The record supports neither a
16 blanket assumption that every gas replacement will produce future “rate shock” nor a blanket
17 assumption that every electric replacement will lower bills. According to the CEC’s energy
18 forecast, an incentive-based approach for electrification does not result in mass adoption of
19 electric appliances because of the cost difference to electrify a home and the potential energy bill
20 increases that may immediately occur once that appliance switch out occurs. The current
21 electricity rates also do not take into account the rapid expansion of the electric transmission and
22 distribution system which have been estimated in the tens of billions of dollars within the next

¹⁰⁷ *Id.* at 30.

decade.^{108, 109, 110} If new electric kwh sales do not keep pace with the investments into the system, then there is precedent to show that electric rates will continue to rise.

4.6. Fuel Substitution and Gas Measures

Stakeholders spend much time arguing how ESA Program could be reconfigured as an electrification program in the name of supporting the decarbonization pillar, at the expense of the goals of improving the customer experience, as well as affordability as discussed in section 4.5. The tension between these guiding principles and using ESA as an electrification program is addressed in this section.

According to Sierra Club testimony, “SoCalGas should be required to provide fuel substitution measures for space and water heating through its ESA programs like the other IOUs and should be restricted from installing gas-burning furnace and water heating measures outside of infeasibility scenarios, as discussed.”¹¹¹

Commission policy requires that electrification measures to come from electric utilities explaining that “Fuel substitution measures and associated program costs shall be funded by the ratepayers of the new fuel, not ratepayers of the fuel being substituted.”¹¹² Sierra Club’s suggestion¹¹³ that SoCalGas ratepayers should be required to pay for the installation of heat pump technologies is thus contradictory to the Commission’s directions, which were recently reinforced in D.25-11-023 by the following conclusion: “Deployment costs, as well as associated administrative, operation, and evaluation costs...that involve fuel substitution from natural gas to electricity should be paid for from electricity rates and not natural gas rates.”¹¹⁴

¹⁰⁸ California Independent System Operator (CAISO), *2024 20-Year Transmission Outlook* (July 31, 2024) at 5, available at: <https://www.caiso.com/documents/2024-20-year-transmission-outlook-jul-31-2024.pdf>.

¹⁰⁹ Kevala, *CPUC Electrification Impacts Study Part 1: Bottom-Up Load Forecasting and System-Level Electrification Impacts Cost Estimates* (May 9, 2023), available at: <https://www.kevala.com/resources/electrification-impacts-study-part-1>.

¹¹⁰ CPUC Public Advocates Office, *Distribution Grid Electrification Model 2025 Findings* (October 30, 2025), available at: <https://www.publicadvocates.cpuc.ca.gov/press-room/reports-and-analyses/distribution-grid-electrification-model-2025>.

¹¹¹ Ex. SC-01 (Barker/Osuala) at 84.

¹¹² D.19-08-009 at 59.

¹¹³ Ex. SC-01 (Barker/Osuala) at 88.

¹¹⁴ D.25-11-023 at 84 (COL 28).

1 The Commission is actively evaluating its policies associated with incentives for efficient
2 natural gas appliances in, for example, Rulemaking 24-019-012. If the Commission changes
3 policy with respect to funding for electrification in that proceeding it would be appropriate to
4 evaluate how that relates to ESA. However, none of the intervenors provide a rationale for why a
5 new policy should be set for ESA, for altering the existing Commission direction regarding
6 which customers should bear costs for fuel substitution, and in advance of decisions in a separate
7 proceeding that is actually focused on electrification policy.

8 Until and unless the Commission reaches an alternative conclusion in other proceedings
9 focused specifically on the issue of fuel substitution, the ESA portfolio should remain fuel- and
10 technology-neutral and permit incentives for both high-efficiency gas and electric appliances
11 when they produce measurable household benefits. Because California has varying climate
12 zones, it is important to recognize that electrification may be estimated to lower bills in some
13 climate zones and rate scenarios but can increase bills in others. To preserve capability of
14 reducing hardships for the customers served, the ESA Program should not presume that fuel
15 substitution is affordable for every participating household.

16 SoCalGas supports customers maintaining the ability to receive the measures and
17 services that are right for their households as part of giving focus to customer experience. In that
18 vein, the Company generally supports efforts to educate customers about the bill impacts of their
19 fuel choices. In instances where fuel substitution is estimated to lower bills, there may still be
20 barriers to entry that remain significant for many low-income customers. By limiting options,
21 customers may choose not to participate in the ESA Program, with the unintended consequence
22 of causing the installation of lower cost less-efficient gas equipment, undermining efforts to
23 address climate change as well as the fundamental purpose of the ESA Program- reducing
24 hardships for low-income Californians.

25 Sierra Club also claims that the 2021 Integrated Energy Policy Report (IEPR) from the
26 California Energy Commission (CEC) “specifically cautioned against continued efficiency
27 investments in gas appliances, explaining that ‘the limited time frames to accomplish deep
28 [greenhouse gas] reductions creates a need to be strategic with gas efficiency investments

1 gas equipment efficiency investments have a growing likelihood over time of becoming stranded
2 assets, becoming a liability for carbon offsets, or causing the state to miss its goals’.”¹¹⁵

3 SoCalGas disagrees with this assertion that residential- especially low-income
4 residential- customers’ investments in energy efficient home appliances are going to be
5 responsible for causing the state of California to miss its GHG goals. According to CARB’s 2024
6 GHG inventory, direct fuel combustion (primarily natural gas) in the commercial and residential
7 sector produced about 11.5% of statewide emissions.¹¹⁶ When adding in emissions from
8 electricity generation and high global warming potential (GWP) gases to estimate the full
9 proportion emissions attributable to the commercial and residential sector, building-related
10 emissions sum to about 27% of the statewide total. Electricity and refrigerants (found mostly in
11 electric appliances such as air-conditioning equipment) together make up nearly 60% of all
12 building-related GHG emissions. CARB reports that commercial and residential direct fuel
13 combustion emissions have declined overall, however emissions from ozone-depleting
14 substances, including refrigerants, have continued to increase in the residential sector.

15 Fuel substitution may decrease some of the GHG emissions associated with the use of
16 natural gas in buildings, but it would be tempered by a rebound of emissions associated with
17 increased electricity use and high GWP refrigerants in heat pumps. Providing low-income
18 customers with high efficiency natural gas appliances will not lead to or cause the state to miss
19 its carbon reduction goals: the problem is complex and multi-faceted. As the electricity sector is
20 being given a runway to decarbonize and become increasingly clean, it remains important for the
21 natural gas sector to continue its path toward increasingly lower emissions.

22 In addition to arguing that electrification of low-income buildings is essential for
23 California to achieve its decarbonization goals, Sierra Club implies that eliminating natural gas
24 incentives through ESA and requiring SoCalGas to fund electrification will achieve the goal of
25 electrifying low-income households. SoCalGas finds Sierra Club’s logic on this point to be
26 strained. Sierra Club asserts that existing decarbonization funds, such as those available through
27 the Equitable Building Decarbonization (EBD) program, San Joaquin Valley pilots, and other
28 smaller programs and pilots, are insufficient to bring down the first cost of electric appliances in

¹¹⁵ Ex. SC-01 (Barker) at 9.

¹¹⁶ CARB, *Current California GHG Emissions Inventory Data*, available at: <https://ww2.arb.ca.gov/ghg-inventory-data>.

1 ESJ Communities, and what is needed are “[s]tatewide, consistently funded efforts.”¹¹⁷ Sierra
2 Club then notes that the \$493.5 million allocated for the EBD program (more than double the
3 total annual ESA budget among all gas utilities) is inadequate, and “significant additional
4 investment and interventions are needed in ESJ Communities to achieve equitable
5 electrification.”¹¹⁸ Sierra Club does not explain how redirecting a small proportion of ESA funds
6 away from high-efficiency gas measures will address the concerns articulated by CARB and
7 others that there is insufficient funding available to accomplish low-income building
8 decarbonization. Sierra Club does not even demonstrate that directing ESA funding toward
9 electrification, as opposed to high-efficiency gas appliances, will have a meaningful impact on
10 GHG emissions.

11 As discussed in SoCalGas’s direct testimony, four other states have considered the role of
12 gas measures in supporting affordability: New York, Maryland, Michigan, and Rhode Island.
13 Each of these states have taken action recognizing that natural gas continues to play an important
14 role as an affordable energy source during the decarbonization transition and are adopting
15 approaches that support access to natural gas service while advancing efficiency, GHG emissions
16 reduction and equity objectives.¹¹⁹

17 Sierra Club responded to these examples first by asserting that the experiences of other
18 states are of limited relevance due to climate and policy differences between the states and
19 because “California is a leader in the low-income energy efficiency space.”¹²⁰ While California
20 is a leader in many respects and no two states have the same climate or policy landscape, it
21 would be myopic to not consider the experiences of other states wrestling with similar issues.

¹¹⁷ Ex. SC-01 (Barker) at 36.

¹¹⁸ *Id.* at 34.

¹¹⁹ Ex. SCG-02 (Steinberg) at AS-3.

¹²⁰ Ex. SC-01 (Barker/Osuala) at 86.

1 Such four states are all similar to California in important ways: all four can claim to be DSM
2 leaders¹²¹ and have meaningful GHG reduction goals.¹²²

3 While Sierra Club discusses New York and Maryland, it does not address Michigan's
4 decision to embed guardrails to limit electrification to applications delivering clear net benefits
5 or Rhode Island's decision to adopt a framework for energy efficiency recognizing the continued
6 role of high-efficiency natural gas equipment in supporting affordable energy service while
7 incrementally advancing emissions reduction objectives.

8 With respect to New York, Sierra Club summarizes key recent New York Public Service
9 Commission (PSC) Orders related to efficiency and building electrification, with the overall
10 point that the state is working hard to advance building electrification.¹²³ New York's strong
11 interest in building electrification makes it all the more meaningful then, when the New York
12 PSC acknowledges that "the LMI market segment is not ready to adopt heat pump solutions at
13 scale."¹²⁴ The New York PSC selected to lean into weatherization and electrification-readiness,

¹²¹ On the most recent American Council for an Energy-Efficient Economy (ACEEE) state scorecard, California ranked first in energy efficiency policy and program efforts, but all of the comparison states ranked in the top 20, with New York ranking 3rd, Maryland ranking 4th, Rhode Island ranking 12th, and Michigan ranking 17th. ACEEE, *State Scorecard Rank*, available at: <https://database.aceee.org/state-scorecard-rank>.

¹²² Michigan aims to achieve 100% wide carbon neutrality by 2050 and reduce GHG emissions by 52% from 2005 levels by 2030. Department of Environment, Great Lakes, and Energy (EGLE), *MI Healthy Climate Plan*, available at: <https://www.michigan.gov/egle/about/organization/climate-and-energy/mi-healthy-climate-plan>. New York is targeting a 60% reduction in economy-wide GHG emissions below 1990 levels by 2040 and an 85% reduction in GHG emissions below 1990 levels by 2050. NY S.9008/A.10008 (January 21, 2026) at 105, Part VV, available at: https://assembly.state.ny.us/2026budget/2026_bills/enacted/A10008c.pdf?v=1779794433. Maryland aims for a 60% reduction in statewide emissions by 2031 from 2006 levels and net-zero by 2045. Maryland Department of the Environment, *Climate Pollution Reduction Plan*, available at: <https://mde.maryland.gov/programs/air/ClimateChange/CPRP/Pages/Overview.aspx>. Rhode Island has a series of emissions reduction goals based on 1990 levels culminating in a net zero goal by 2050. State of Rhode Island Climate Change, *Act on Climate*, available at: <https://climatechange.ri.gov/act-climate>.

¹²³ Ex. SC-01 (Barker/Osuala) at 86-87.

¹²⁴ New York Public Service Commission, *Order Authorizing Low- to Moderate-Income Energy Efficiency and Building Electrification Portfolio for 2026-2030* (May 15, 2025) at 80, available at: <https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={9028D596-0000-CBAA-80CE-FD406DF75EB1}>.

1 ensure affordability before moving forward with electrification projects, and target the
2 electrification of customers using delivered fuels to maximize affordability benefits.¹²⁵

3 Turning to Maryland, Sierra Club highlights that since initial testimony was filed,
4 Maryland enacted the Utility RELIEF Act which eliminated gas utility DSM programming.
5 Sierra Club, however, omits important context. Prior to the RELIEF Act, with the adoption of
6 HB 864 in 2024, Maryland’s General Assembly transitioned the state’s DSM program
7 “EmPOWER Maryland” from a program measuring energy savings to one measuring the
8 greenhouse gas equivalent reduction to those savings.¹²⁶ The legislation included both electric
9 and natural gas utilities and provided guidance for establishing targets for both.¹²⁷ The shift in
10 focus to GHG reductions along with the statewide decarbonization goals adopted in 2022,¹²⁸
11 increased stakeholder dialog about whether natural gas products should be included in
12 EmPOWER programs. In 2024, the Maryland PSC requested that Washington Gas Light submit
13 an alternative program proposal that did not include gas appliance incentives along with its
14 August 2025 Semi-Annual Report.¹²⁹ Upon review of this alternative proposal¹³⁰ the Maryland
15 PSC ruled that “[it] maintains its position of allowing the continuation of incentives for gas
16 appliances. While Washington Gas’ alternative plan demonstrates that a program without gas

¹²⁵ *Id.* at 81-82.

¹²⁶ Md. HB 864 (2024), §7-223(A)(3), *available at*:
https://mgaleg.maryland.gov/2024RS/Chapters_noln/CH_539_hb0864e.pdf.

¹²⁷ *Id.* at §7-223(B)(4)-(5).

¹²⁸ Climate Solutions Now Act of 2022, Md. S.B. 528 (2022), *available at*:
https://mgaleg.maryland.gov/2022RS/Chapters_noln/CH_38_sb0528e.pdf.

¹²⁹ See Maryland PSC, Case No. 9705, ML No. 314502: Order No. 91461 on Revised 2024-2026 EmPOWER Plans, Semi-Annual Reports, and Work Group Reports (December 27, 2024) at 17 (“The Commission continues to hold that the removal of natural gas incentives from the EmPOWER Program would go beyond current requirements. It also continues to find, in addition to the points previously made, that the removal of gas appliance incentives would create an imbalance in energy efficiency offerings for customers, and may have a disproportionate effect on limited-income customers who may be eligible for high-efficiency gas equipment through (Department of Housing and Community Development) programs. Finally, the gas appliance incentive programs approved for the current EmPOWER cycle are reducing GHG emissions in keeping with the statute’s goal”), *available at*: <https://webpscxb.pscmaryland.com/DMS/case/9705>. Prior Maryland PSC perspectives alluded to in the phrase “continues to hold” noted above are articulated in Order No. 90261 (June 15, 2022), Order No. 90957 (December 29, 2023), and Order No. 91214 (July 2, 2024).

¹³⁰ Maryland PSC, Case No. 9705, ML No. 321580: Washington Gas Light Company – Alternative EmPOWER Energy Efficiency and Conservation Plan (August 15, 2025), *available at*:
<https://webpscxb.pscmaryland.com/DMS/case/9705>.

1 incentives could be potentially cost-effective, such a program comes at potentially higher costs
2 and programmatic risks...For those reasons, requests for the elimination of gas appliance
3 incentives are denied.”¹³¹

4 Subsequently, Maryland’s 2026 legislative session grappled with a plethora of bills
5 introduced in both chambers focused on addressing the energy affordability crisis in Maryland
6 and other PJM states. Ultimately, Maryland legislators chose to take major action through the
7 omnibus RELIEF Act to quickly reduce utility bills.¹³² In addition to eliminating gas DSM
8 programs, the statute reduces electric utility program goals.¹³³ The RELIEF Act does not
9 represent a reasoned decision to shift away from gas efficiency so much as an emergency effort
10 to bring down customer costs quickly at the expense of the state’s overall DSM efforts. This is in
11 contrast to the prior decision of the Maryland PSC, which, after a reasoned review of the value of
12 gas DSM over the longer-term selected to continue forward with gas appliance incentives.

13 As noted above, Sierra Club relies on the 2021 IEPR’s caution that gas-efficiency
14 investments may create stranded-asset or carbon-offset risks. That general caution, however,
15 does not establish that continued support for high-efficiency gas appliances in the ESA Program
16 would cause California to miss its greenhouse-gas reduction goals.

17 As discussed above, building-related emissions arise from multiple sources, including
18 direct fuel combustion, electricity generation, and refrigerants. The cited inventory therefore
19 does not support attributing statewide building emissions—or the State’s ability to meet its
20 targets—to efficient natural gas appliances alone.

¹³¹ Maryland PSC, Case No. 9705, ML No. 326938: Order No. 92176 on EmPOWER Semi-annual and Work Group Reports(Feb. 06, 2026), *available at*: <https://webpscxb.pscmaryland.com/DMS/case/9705>.

¹³² The Office of Governor Wes Moore, *ROUNDUP: Governor Moore, Senate President Ferguson, and House Speaker Peña-Melnyk Unveil Legislative Package to Lower Energy Bills for Marylanders* (March 13, 2026) (quoting Governor Moore: “...because of the Trump-Vance administration’s actions and failures by regional operators like PJM, too many families are seeing skyrocketing utility costs – and that is unacceptable. That is why we are taking action where we can...”), *available at*: <https://governor.maryland.gov/news/press-releases/roundup-governor-moore-senate-president-ferguson-and-house-speaker-pena-melnyk-unveil-legislative>.

¹³³ Northeast Energy Efficiency Partnerships, *Unpacking Maryland’s Utility RELIEF Act: What does it Mean for Energy Efficiency?* (May 8, 2026), *available at*: <https://neep.org/blog/unpacking-marylands-utility-relief-act-what-does-it-mean-energy-efficiency>.

1 Accordingly, the Commission should evaluate ESA measures based on their
2 demonstrated customer benefits and emissions impacts rather than presume that efficient gas
3 equipment is incompatible with California's broader decarbonization objectives.

4 Sierra Club further recommends, "To the extent that the Commission continues to enable
5 SoCalGas to install polluting gas burning furnaces in low-income households, it should be
6 required to resume classifying baseline-efficiency furnace replacements within its general HVAC
7 measures, and reporting all data on measure costs and impacts, rather than classifying them as
8 HCS measures and exempting themselves from reporting requirements."¹³⁴

9 This recommendation undermines the efforts that Sierra Club itself acknowledges on
10 page 91 of their testimony in reference to the exemption agreed to by the ESA Working Group
11 after it was discovered that energy savings goals were becoming a barrier to installation of
12 needed heating equipment in situations where a non-working appliance could be replaced by a
13 high efficiency natural gas space heater. The ESA Working Group recognized that customers in
14 need of heat were inadvertently left with inoperable heating equipment because this work was
15 not classified as driven by the Health, Comfort and Safety program objective. The working group
16 is made up of a variety of stakeholders (including CPUC Energy Division Staff, IOU
17 representatives, contractors, Community Based Organizations (CBOs), Cal Advocates, and
18 Consumer Protection Advocates, who collectively have the best interest of income qualified
19 customers in mind.

20 SoCalGas has responded above to many of the statements made by the Sierra Club, but
21 there are some additional key themes below that don't apply to the SoCalGas ESA program
22 appliance measures included in this regulatory proceeding. In the event the Commission chooses
23 to include these themes as part of application discussion, SoCalGas is addressing these themes
24 below.

25 SoCalGas offers two categories of gas appliance replacement and repair as part of
26 SoCalGas's ESA Program, Space Heating and Water Heating. These measures are installed by
27 licensed contractors and include appliances that are designed to vent products of combustion
28 outdoors. The Sierra Club has chosen to bring the topic of natural gas cooking appliances into
29 this proceeding, but cooking equipment is not part of the SoCalGas ESA Program and therefore

¹³⁴ Ex. SC-01 (Osuala) at 94.

1 this discussion should be deemed outside the scope of this proceeding. If the Commission
2 chooses to include this discussion item, SoCalGas is providing the following responses.

3 **4.7. Indoor Nitrogen Oxide (NOx) Emissions From Gas Cooking Have Not Been** 4 **Shown to Harm Health And Do Not Support Electrification**

5 Sierra Club claims that indoor NOx emissions from gas cooking exceed health-based
6 standards and that NOx is associated with various health harms including asthma.¹³⁵ First, the
7 testimony suggests that gas cooking can result in “peak concentrations of NO2” that exceed the
8 NAAQS “1-hour NO2 threshold.”¹³⁶ It is not scientifically valid to compare a peak level, which
9 is instantaneous and transient, to a time-averaged 1-hour level, and to do so can lead to
10 misleading conclusions regarding the significance of potential health impacts.

11 Next, the testimony asserts that short-term and long-term NOx exposures are “associated
12 with” or are “drivers of” various health impacts.¹³⁷ These assertions only identify health risks
13 without identifying the exposure levels (dose) at which those health risks have been shown, and
14 provide no evidence that typical gas cooking emissions result in exposures that pose health
15 risks—and indeed, the most recent evidence contradicts that conclusion. Sierra Club thus fails to
16 show creditable evidence that electrification will meaningfully improve indoor air quality in a
17 way that reduces health risks or health harm.

18 To be sure, gas cooking has higher NOx emissions than electric cooking. But those
19 emissions have not been shown consistently to exceed health-based ambient air quality
20 standards. In December 2024, Lawrence Berkeley National Laboratory published a study,
21 commissioned by the U.S. EPA and DOE, comparing emissions from electric induction cooking

¹³⁵ Ex. SC-01 (Barker) at 17-18.

¹³⁶ *Id.* (citing Yifang Zhu et al., *Effects of Residential Gas Appliances on Indoor and Outdoor Air Quality and Public Health in California*, UCLA Fielding Sch. of Pub. Health, UCLA Dept. of Environ. Health Sci. (Apr. 2020) (Report to Sierra Club National, Oakland, CA), available at: <https://coeh.ph.ucla.edu/wp-content/uploads/2023/01/Effects-of-Residential-Gas-Appliances-on-Indoor-and-Outdoor-Air-Quality-and-Public-Health-in-California.pdf>. This report has been criticized for methodological flaws. See Tormey, Dan, Catalyst Environmental Solutions, *Issues that Render the Sierra Club/UCLA Study of “Effects of Residential Gas Appliances on Indoor and Outdoor Air Quality and Public Health in California” Not Useful for Decision-Making Purposes*, available at: https://www.calrest.org/sites/main/files/file-attachments/ucla_study_-_natural_gas_stoves_-_tormey_critical_review.pdf.

¹³⁷ Ex. SC-01 (Barker) at 17-18.

1 and gas cooking (LBNL Study).¹³⁸ While NO_x emissions were higher with gas cooking, the data
2 showed that emissions levels were below the 1-hour NO₂ NAAQS.¹³⁹ Similarly, studies of long-
3 term NO_x levels associated with gas stoves generally confirm emissions levels within the annual
4 NO₂ NAAQS,¹⁴⁰ Even as stove users do not operate kitchen exhaust fans as frequently as is
5 recommended.

6 That there are NO_x emissions from gas cooking says nothing about whether those levels
7 are associated with any health effects.¹⁴¹ The most recent, comprehensive study of gas cooking
8 and health effects found no significant association. Specifically, Puzzolo et al. (2024), funded by
9 the World Health Organization and conducted by researchers at the WHO, Liverpool University,
10 and Peking University (WHO study), expressly found that there was “**no significant increase in**

¹³⁸ Li, J., H. Zhao, M.L. Russell, W.W. Delp, A. Johnson, X. Tang, I.S. Walker, and B.C. Singer, *Air pollutant exposure concentrations from cooking a meal with a gas or induction cooktop and the effectiveness of two recirculating range hoods with filters*, Science Direct – Indoor Environments, Vol.1. Issue 4 (Dec. 2024); see also Dobbin, et.al., *The benefit of kitchen exhaust fan use after cooking - An experimental assessment*, Building Environ. 135:286-296 (2018) (found short-term NO₂ levels were below Canada’s health-based ambient air guidelines).

¹³⁹ LBNL Study at 6, Figure 5.

¹⁴⁰ See, e.g., Chan, W.R., Y. Kim, B.D. Less, B.C. Singer, and I. Walker, *Ventilation and Indoor Air Quality in New California Homes with Gas Appliances and Mechanical Ventilation*, Lawrence Berkeley National Laboratory (April 2020) (reporting long-term NO₂ averages below the NAAQS for homes using gas and mechanical ventilation); Belanger, K., T.R. Holford, J.F. Gent, M.E. Hill, J.M. Kezik, and B.P. Leaderer, *Household Levels of Nitrogen Dioxide and Pediatric Asthma Severity*, *Epidemiology*. 24(2): 320-330 (2013) (reporting long-term NO₂ averages below the NAAQS); Belanger, K., J.F. Gent, E.W. Triche, M.B. Bracken, and B.P. Leaderer, *Association of Indoor Nitrogen Dioxide Exposure with Respiratory Symptoms in Children with Asthma*, *Am. J. Respi. Crit. Care Med.* 173: 297-303 (2006) (same); Daouda, et al., *Out of Gas, In with Justice: Findings from a gas-to-induction pilot in low-income housing in NYC*, *Energy Rsch. & Soc. Sci.*, Vol. 116 (Oct. 2024), at 5, Table 2 (showing median NO₂ week-long average concentrations below the long-term NAAQS).

¹⁴¹ SoCalGas previously provided testimony on indoor air quality issues that explained that the mere presence of pollutants does not show a hazard and that dose and exposure must be considered in order to assess health risk. See A. 21-12-009, Rebuttal Testimony of Julie E. Goodman and Anne E. Smith on behalf of SoCalGas (SoCalGas Rebuttal Testimony) at JEG 4-14, 16 (finding that there has been no causal relationship established between gas stove use or NO₂ and childhood asthma or wheeze).

1 **risk”** of asthma or other respiratory illnesses for gas cooking.¹⁴² The lack of a significant
2 association means that no causal link can be demonstrated. In other words, there is no scientific
3 support for the suggestion that replacing a gas stove with an electric stove will make any
4 difference for the risk of asthma or respiratory illness.¹⁴³ The WHO Study also explained that
5 prior studies purporting to find such an association between gas stoves and asthma —like the Lin
6 et al. (2013) study—failed to account for confounding factors such as smoking and family
7 history and therefore “overestimate” the true risk.¹⁴⁴ Here, the testimony on health effects relies
8 solely on Zhu et al. (2020), which in turn relied on Lin et al. (2013) for its claims of an
9 association between gas cooking and asthma.¹⁴⁵ Sierra Club’s testimony thus relies on outdated
10 health claims that overestimated the true risk, while failing to address more recent contradictory
11 evidence.

12 In fact, just last year, a federal district court found that there is no scientific basis for
13 concluding that gas cooking appliances adversely affect health. The court reviewed the available
14 literature surrounding gas stoves and health effects, including expert opinions from both sides,
15 and concluded “**there is robust disagreement by scientific sources concerning the validity”** of

¹⁴² Puzzolo, et al., *Estimated health effects from domestic use of gaseous fuels for cooking and heating in high-income, middle-income, and low-income countries: a systematic review and meta-analyses*, The Lancet Respiratory Medicine (2024) (WHO Study). See also W. Li, et al., *Gas Cooking and Respiratory Outcomes in Children: A Systematic Review*, Science Direct – Global Epidemiology (December 2023) at 6-7, 11, 14 (concluding there was insufficient evidence of a causal relationship between gas stoves and NO₂ and asthma or wheeze because available studies were heterogeneous, failed to control for confounding factors such as smoking, and did not show temporality).

¹⁴³ The WHO study also found that when high-quality studies were considered, there was no significant association between gas stove use and chronic obstructive pulmonary disease. WHO Study at 281.

¹⁴⁴ WHO Study at 290. Moreover, while Lin et al. found a statistically significant association between gas stoves and childhood asthma, it found no statistically significant association between NO₂ and asthma. Lin, et.al., *Meta-analysis of the effects of indoor nitrogen dioxide and gas cooking on asthma and wheeze in children*, Int. J. Epidemiol. 42(6):1724-1737 (2013). Because NO₂ is the pollutant purportedly linking gas stoves and asthma, this contradiction should have been addressed.

¹⁴⁵ Moreover, Zhu et al. (2020) ignored the much larger, contemporaneous Wong et al. (2013) study that reported findings contrary to Lin. See Wong, et al., ISAAC Phase Three Study Group, *Cooking fuels and prevalence of asthma: A global analysis of phase three of the International Study of Asthma and Allergies in Childhood (ISAAC)*, Lancet Respir. Med. 1(5):386-394 (2013) (reviewed studies on 500,000 children globally and found no association between gas stoves and childhood asthma).

1 statements that gas cooking is linked to adverse health effects.¹⁴⁶ The court concluded that
2 the warning requirement was likely unconstitutional because the underlying health assertions
3 were scientifically disputed, stating that: “[w]hile the [state’s] webpage cites relevant authority
4 for its claims, those claims appear to be the minority view at best, and based on outdated
5 information at worst.”¹⁴⁷ Likewise, here, there is no scientifically supported basis to conclude
6 that gas cooking is linked to adverse health effects, or that replacing gas appliances with electric
7 will meaningfully improve indoor air quality in a way that impacts health, including the risk of
8 asthma.

9 **4.8. There Is No Evidence That Gas Cooking Has Other Pollutant Emissions At**
10 **Levels That Cause Health Harms, So There Is No Need To “Mitigate”**
11 **Emissions By Electrification**

12 That gas cooking appliances have emissions of certain pollutants begs the question of
13 whether those emissions levels are high enough to have adverse health consequences. Sierra
14 Club skips over this critical connecting step, suggesting that because gas appliances emit these
15 pollutants and these pollutants at some level affect health, gas appliances should be replaced with
16 electric. But without any evidence connecting gas cooking emissions to pollutant levels that
17 cause harm to human health, this vague notion that pollutants should be reduced cannot justify
18 the forced elimination of gas appliances.

19 The Sierra Club’s “no threshold” approach is not consistent with existing health-based
20 guidelines, nor is it practical when most of these pollutants are ubiquitous components of indoor
21 and outdoor air. And in fact, available evidence indicates that gas appliances do not contribute
22 meaningfully to the levels of these pollutants. For example, as to benzene, the LBNL study data
23 show that gas and induction cooking have roughly similar benzene emissions that are well below
24 any relevant health-based guideline; the highest concentration recorded was approximately 0.2
25 ppb and estimated one-hour average concentrations approximately 0.1 ppb, compared to the
26 California OEHHA one-hour health-based guideline of 8.0 ppb.¹⁴⁸ Benzene is routinely present

¹⁴⁶ *Ass’n of Home Appliance Mfrs. v. Weiser*, 2025 U.S. Dist. LEXIS 268736, *16 (D.CO Dec. 19, 2025) (order granting motion for preliminary injunction).

¹⁴⁷ *Id.* at 16.

¹⁴⁸ See LBNL Study at 9 (Fig. 8), 10 (Fig. 9). This calls into question the accuracy and reliability of studies finding benzene emissions from gas burners significantly greater than those from electric

1 in air and has many common indoor sources, including gasoline and household chemical
2 products such as pesticides, paint, adhesives, cleaning agents, and personal care products.¹⁴⁹

3 Likewise, gas appliances are not a substantial contributor to indoor formaldehyde levels,
4 which are due more to building materials such as composite wood, coatings, fiberglass
5 insulation, and paper products, as well as permanent press fabrics, personal care products, and
6 cooking activities.¹⁵⁰ And as for carbon monoxide, it has not been shown that properly
7 functioning gas cooking appliances contribute meaningfully to indoor levels.¹⁵¹

burners. In fact, a recent study involving some of the same authors found low levels of benzene—well below health-based reference levels—at restaurants using gas cooking. See Saporito, A., M. Hashmi, W. Yu, D. Michanowicz, E. Lebel, N. Lucha, G. Huang, C. Finnegan, V. Albergamo, W. Lyu, S. Chillrud, J. Ross, D. Burns, R. LeBouf, C. Galarza, J. Zelikoff, and T. Gordon, *Occupational Exposures in the Culinary Underbelly: Air Pollution in Restaurants*, Environ. Sci. & Technol. (2026) (measuring VOCs in restaurants with gas cooking and finding that benzene was only “detected in about one-third of samples” and that the “measured concentrations remained below the NIOSH REL of 0.1 ppm (8 h TWA)” —in fact, the median measured concentration was 0.0 and the maximum 2.2 ppb, well below the REL).

¹⁴⁹ See SoCalGas Rebuttal Testimony at JEG-4; Ex. SC-01 (Barker) at 18 n.70 (citing a study for the proposition that outside benzene levels “are sometimes higher” than indoor concentrations); see also Michanowicz, DR; Dayalu, A; Nordgaard, CL; Buonocore, JJ; Fairchild, MW; Ackley, R; Schiff, JE; Liu, A; Phillips, NG; Schulman, A; Magavi, Z; Spengler, JD, *Home is where the pipeline ends: Characterization of volatile organic compounds present in natural gas at the point of the residential end user*, Environ. Sci. Technol., 56(14):10258-10268. doi: 10.1021/acs.est.1c08298 (2022) (reporting findings demonstrating that the measured concentrations of different VOCs, including benzene, represent trace constituents of natural gas at mean levels of <0.0001%), available at: <https://pubs.acs.org/esthag/article-pdf/56/14/10258/3683975/es1c08298.pdf>.

¹⁵⁰ See, e.g., Hult, EL; Willem, H; Price, PN; Hotchi, T; Russell, ML; Singer, BC, *Formaldehyde and acetaldehyde exposure mitigation in US residences: In-home measurements of ventilation control and source control*, Indoor Air, doi: 10.1111/ina.12160 (2014); Missia, DA; Demetriou, E; Michael, N; Tolis, EI; Bartzis, JG, *Indoor exposure from building materials: A field study*, Atmos. Environ. 44:4388e4395. doi: 10.1016/j.atmosenv.2010.07.049 (2010); Nazaroff, W; Singer, BC, *Inhalation of hazardous air pollutants from environmental tobacco smoke in US residences*, J. Expo. Anal. Environ. Epidemiol. 14:S71-S77 (2004); Fortmann, Roy; Kariher, P; Clayton, R. [ARCADIS Geraghty & Miller, Inc.], *Indoor Air Quality: Residential Cooking Exposures (Final)*, Report to California Air Resources Board (CARB). 231p. (November 30, 2001).

¹⁵¹ Daouda, et al., *Out of Gas, In with Justice: Findings from a gas-to-induction pilot in low-income housing in NYC*, Energy Rsch. & Soc. Sci., Vol. 116 (Oct. 2024), at 5, Table 2; Saporito, A., M. Hashmi, W. Yu, D. Michanowicz, E. Lebel, N. Lucha, G. Huang, C. Finnegan, V. Albergamo, W. Lyu, S. Chillrud, J. Ross, D. Burns, R. LeBouf, C. Galarza, J. Zelikoff, and T. Gordon, *Occupational*

1 Finally, Sierra Club ignores the most obvious approach for addressing any concerns with
2 pollutant emissions from cooking, which is to install and use kitchens range hoods or other forms
3 of ventilation. Past research has demonstrated the effectiveness of kitchen exhaust ventilation at
4 mitigating indoor pollution.¹⁵² In sum, the assertion that gas stoves emit these pollutants at levels
5 that harm health is unsupported and cannot support electrification.

6 It's worth mentioning that Sierra Club has been making similar arguments for years.
7 Each time, SoCalGas has pointed to contradictory evidence and has explained why the mere
8 presence of pollutants that *can* be harmful at certain doses / exposures is insufficient to establish
9 that gas cooking has any adverse health effects. For example, in 2022, Sierra Club filed
10 comments in SCE's Building Electrification Application addressing "the health impacts of using
11 gas in buildings by listing air pollutants that *can be* emitted from gas cooking (including
12 formaldehyde and carbon monoxide) and asserting those pollutants can harm health."¹⁵³ As
13 SoCalGas explained, that fails to connect gas cooking emissions to health harms:

14 The critical question is thus not whether these normal air constituents are present,
15 but at what concentrations and exposure levels they are present. The Sierra Club
16 ignores this critical question, and its testimony is thus misleading because it does
17 not provide the proper context for assessing the health significance of any
18 potential indoor exposures from gas appliance usage.¹⁵⁴

19 SoCalGas in multiple proceedings has cited numerous studies on pollutant emissions levels,
20 exposures, and the association of gas cooking with health effects. But Sierra Club continues to
21 ignore the relevant—and most recent—scientific evidence in favor of simply asserting that gas
22 appliances harm health. The Commission should not embrace such unsupported positions.

Exposures in the Culinary Underbelly: Air Pollution in Restaurants, Environ. Sci. & Technol. (2026)
(finding in restaurants with gas cooking that: "NYC sets CO ceiling limits at 9.0 ppm (ppm), and this
study did not detect any 8 h average concentrations above 2.0 ppm, nor short-term exceedances above
the World Health Organization (WHO) guidelines of 2010 for CO.").

¹⁵² See, e.g., LBNL Study; Dobbin, et.al., *The benefit of kitchen exhaust fan use after cooking - An experimental assessment*, Building Environ. 135:286-296 (2018).

¹⁵³ A.21-12-009, SCE Building Electrification Programs, Sierra Club Testimony at 8.

¹⁵⁴ A.21-12-009, SCE Building Electrification Programs, SoCalGas Rebuttal Testimony, JEG at 5.

4.9. ESA Reporting Requirements

TURN recommends reporting energy savings in Million British Thermal Units (MMBtu) to facilitate comparisons across programs and fuel types. While SoCalGas understands the intent of using a common energy metric, SoCalGas does not support replacing therm-based reporting with MMBtu reporting.

Natural gas savings are tracked and reported in therms throughout SoCalGas's energy efficiency portfolio. Therms are the unit used for customer billing, avoided cost calculations, program goals, ESACET reporting, monthly and annual reports, and EM&V studies. Maintaining a consistent reporting unit across these activities supports alignment between program administration, evaluation, and regulatory reporting.

SoCalGas does not believe replacing therm-based reporting with MMBtu reporting would meaningfully improve comparability. Natural gas program performance has historically been reported in therms across annual reports, evaluation studies, and other regulatory filings. Maintaining therms as the primary reporting unit allows stakeholders to compare results consistently across programming years and reporting sources.

Furthermore, reporting savings in MMBtu would not eliminate the need for therm-based reporting because key tracking, reporting, and evaluation processes continue to rely on therms. As a result, SoCalGas would need to maintain existing therm-based reporting while also implementing and maintaining a separate MMBtu metric. This would create additional reporting and administrative requirements without a corresponding improvement in program administration, evaluation, or regulatory oversight.

4.10. ESA Contracts

SoCalGas opposes Cal Advocates' recommendation to require fixed delivery and material pricing in ESA Program contracts because such a requirement could undermine the flexibility necessary for effective program administration. Flexibility allows SoCalGas and the ESA Program to respond to changing market conditions, adjusting pricing to meet evolving program needs, and prioritize measures in support of program rules. SoCalGas has demonstrated its ability to successfully adjust material pricing in response to market conditions while managing contractor labor and material fluctuations and continuing to meet program objectives. Imposing fixed pricing could shift increased financial risk to contractors, constrain SoCalGas's

ability to respond to changing costs and program priorities, and ultimately hinder successful program delivery.

5. TESTIMONY UPDATE – NEW PROGRAMS AND PILOTS

5.1. An update on the IOUs’ new and proposed programs and pilots and if/how they will be continued and/or incorporated in the ESA portfolio:

5.1.1. The Deeper Energy Savings Pilots (PG&E, SCE/SCG, SDG&E)

SoCalGas identified an inadvertent error affecting Ex. SCG-01. As a result, SoCalGas submits the following testimony reflecting corrections to ESA Program – New Programs and Pilots.¹⁵⁵ Corrections to testimony are shown in underline.

The ESA Whole Home Pilot reaffirmed the effectiveness of strategies already underway in the ESA Main Program, while highlighting areas for improvement to strengthen affordability, flexibility, safety, and reliability. As in ESA Main, the tankless water heater proved to be a high-performing deep energy savings measure. Through September 2025, tankless water heaters were the leading therm-savings measure in the ESA Whole Home portfolio, delivering 962 therms—representing 15% of the pilot’s total savings for the 2025 program year. Based on this measure’s success in both the pilot and ESA Main, SoCalGas will continue prioritizing its delivery in PYs 2028-2033 to promote reliable energy savings for customers.

As SoCalGas continues emphasizing delivery of this high-performing measure, pilot implementation identified considerations related to program flexibility and affordability. Tankless water heater installations sometimes require gas line modifications, particularly when the proposed installation location is farther from the gas meter. Work to accommodate these installation requirements can exceed minor home repair limits.¹⁵⁶ SoCalGas will consider this implementation experience as it continues delivery of this high-performing measure, balancing program flexibility and affordability with customer access to the energy savings benefits associated with tankless water heaters. Challenges also arose with installing the solar water heating measure. From program inception through September 2025, ESA Whole Home installed this measure only once, in 2023. The implementer cited high cost, approximately \$8,800-\$9,400, as a significant barrier under the \$15,000 per-home cost cap. Roof-related issues, such as

¹⁵⁵ Ex. SCG-01 (Verduzco/Christian) at OV and RC-151-152.

¹⁵⁶ Minor home repairs are subject to main ESA Program cost caps, including a maximum expenditure limit of \$2,500 per household unless additional approval is granted.

1 inadequate pitch, height, and tile, further limited installations. These findings underscore the
2 need to balance affordability with technical feasibility when considering advanced measures.

3 Operational learnings also emerged that affect reliability and safety. Implementing an
4 invoicing structure that reduces financial burden on contractors facilitated smoother
5 participation. Additionally, most Whole Home projects required building permits, yet limited
6 inspection capacity at local Building Departments led to delays in project closeout and
7 reporting— challenges that mirror those faced in ESA Main. These insights highlight the
8 importance of process reliability and the challenges in maintaining safety standards during
9 implementation.

10 Finally, the pilot highlighted the importance of trust in outreach. Marketing materials
11 featuring both SCE and SoCalGas logos significantly increased perceived credibility among
12 participants and non-participants, according to evaluator feedback. These augmented branding
13 techniques are proposed for the 2027 bridge period and for PYs 2028-2033, SoCalGas's future
14 outreach will feature stand-alone SoCalGas branding to maintain program legitimacy and
15 customer confidence.

16 **6. CONCLUSION**

17 This concludes our prepared rebuttal testimony.

APPENDIX A
Data Request No. CalAdvocates-KH-SCG-2026-1,
SoCalGas Response

SOUTHERN CALIFORNIA GAS COMPANY
PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)
RECEIVED: JULY 10, 2026
SUBMITTED: AUGUST 14, 2026

The following questions pertain to Application of Southern California Gas Company's (U 39 M) Application for Approval of Its 2028-2033 Income-Qualified Programs (SoCalGas 'Application) filed on January 9, 2026, in the consolidated Application (A.) 26-01-003.

Please find attached Data Request No. CAL ADVOCATES-KH- SCG-2026-1, with attachment IQP Tables- SCG.xlsx.

On July 27, SoCalGas was granted an extension to provide its responses on a rolling basis according to the proposed schedule:

Questions 2, 7, and 10 are due on July 31.

Questions 4, 5, 12, 13, 14, 15, and 16 are due on August 7.

Questions 1, 3, 6, 8, 9, and 11 are due on August 14.

On July 31, SoCalGas provided its Partial-01 response to Questions 2, 7, and 10.

On August 6, 2026, SoCalGas provided notice that it requires additional time to prepare its response to Question 15 and plans to submit its response on August 14.

On August 7, SoCalGas provided its Partial-02 response to Questions 4, 5, 12, 13, 14, and 16.

On August 14, 2026, SoCalGas provided its Partial-03 response to Questions 1, 3, 6, 8, 9, 11, and 15.

SOUTHERN CALIFORNIA GAS COMPANY
PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)
RECEIVED: JULY 10, 2026
SUBMITTED: AUGUST 14, 2026

CARE Delivery Enhancement Projects

Referring to Ex. SCG-02, Table 13: Proposed CARE Delivery Enhancement Projects:

Question 1:

Please provide a detailed line-item budget breakdown for each proposed project and enhancement, including:

- a. Internal labor costs by job classification and labor hours;
- b. Contractor and vendor costs;
- c. Software, licensing, and technology costs.

SoCalGas Response:

SoCalGas provides the following information for the above question in 1a, 1b, and 1c broken down by each of the proposed enhancement as seen in Exhibit SCG-01, "Table 13: Proposed CARE Delivery Enhancement Projects."

- a. Improvements to CARE Website and Web Portal: See response to question 6.
- b. Improvements to Transaction Messaging:
 - Internal labor costs by job classification and labor hours
 - i. No separate internal labor budget exists for this effort. SMS communications are generated through automated file transmissions to a vendor as part of ongoing business operations and are supported through existing SoCalGas personnel and resources. No incremental labor costs are associated with maintaining the current functionality.
 - Contractor and vendor costs
 - i. SoCalGas utilizes a vendor for its SMS messaging provider. Current vendor costs include:

Cost Category	Cost
Hosting/Support/Software	\$250 per month
Short Code Fee	\$500 per month
Outbound Message Fee	\$0.0055 per message
Carrier Add-On Fee	\$0.0035 per message
Total Outbound Messaging Cost	Approximately \$0.009 per message
Incoming Messages	No charge
Setup Fee	No charge

- Software, licensing, and technology costs.

SOUTHERN CALIFORNIA GAS COMPANY

PUBLIC ADVOCATES OFFICE (CAL ADVOCATES) Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)

RECEIVED: JULY 10, 2026

SUBMITTED: AUGUST 14, 2026

-
- i. There are no separate software, licensing, or technology costs beyond the vendor charges identified above. The monthly hosting, support, software, short code fees, and message delivery charges represent the technology costs associated with the service.
- c. Interactive Virtual Assistant Telecommunications Upgrade:
- SoCalGas provides the following table for internal labor costs by job classification and labor hours; contractor and vendor costs; and software, licensing, and technology costs.

Cost Category	Cost	Job Classification	Total Hours
Internal Labor	\$28,080	Business Analyst	432
Internal Labor	\$12,034	IT Lead	192
Contractor and Vendor Costs	\$258,240	N/A	N/A
Software, Licensing, and Technology Costs (Annual)	\$72,000– \$108,000	N/A	N/A

- d. CARE Probability Model Enhancements:
- Internal labor costs by job classification and labor hours;
 - i. The estimated cost of approximately \$74-95k within a 3-4 month period per annual model refresh represents the anticipated level of effort required to perform comprehensive data analysis, feature engineering experimentation, model evaluation, hyperparameter tuning, testing, implementation, and documentation activities associated with maintaining the CARE probability model. The estimate is based on industry-standard labor rates (\$150-\$200/hour) and an anticipated project duration of approximately 3-4 months. At this time, SoCalGas has not developed a detailed labor-hour budget by job classification because the proposed funding request is intended to support periodic model maintenance activities rather than a discrete capital project.
 - Contractor and vendor costs;
 - i. No contractor or vendor costs have been specifically identified in connection with the proposed CARE probability model enhancements. The estimate reflects anticipated resources necessary to conduct the annual model review and refresh process.
 - Software, licensing, and technology costs.
 - i. No incremental software licensing or technology acquisition costs are currently anticipated for the proposed model enhancement activities. The proposal focuses on refinements to the existing CARE probability model and associated analytical processes rather than implementation of a new modeling platform or technology solution."
- e. Marketing & Outreach (Direct Mail, Email, SMS):
- SoCalGas provides the following response related to internal labor costs by job classification and labor hours; contractor and vendor costs; and software,

SOUTHERN CALIFORNIA GAS COMPANY

PUBLIC ADVOCATES OFFICE (CAL ADVOCATES) Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)

RECEIVED: JULY 10, 2026

SUBMITTED: AUGUST 14, 2026

licensing, and technology costs.

The Marketing & Outreach (Direct Mail, Email, and SMS) line item identified in Table 13 does not represent a new project, enhancement, system modernization effort, or incremental functionality. Rather, these costs reflect ongoing customer outreach activities that are part of standard CARE program delivery and administration.

The budget estimates were developed using historical program expenditures and established outreach practices.

For Direct Mail: Approximately \$664,000, based on historical printing and postage costs associated with CARE outreach mailings.

For Direct mail activities include:

- CARE – Customers Not on CARE
- CARE – New Customer
- CARE – Reapply Customers

Direct mail efforts target new customers not enrolled in CARE, existing customers not enrolled in CARE, and customers that need to reapply for CARE. The breakdown of the total cost applies as follows:

- 75% printing/paper production
- 25% postage and shipping

For Email: Approx. \$3,000, based on historical customer email outreach activity. Email deployment costs are approximately \$0.001 per email. In 2024, approx. 3 million CARE-related email communications were distributed to customers. The forecasted budget reflects historical email volumes and unit costs and does not represent an enhancement or expansion of existing outreach practices.

For SMS/Text Messaging: Approx. \$7,000, based on historical customer outreach activity. SMS deployment costs are approximately \$0.01 per text message. Based on historical outreach volumes, approx. 700,000 CARE-related SMS messages are distributed annually. The forecasted budget reflects historical message volumes and associated deployment costs.

Internal labor associated with program management, campaign development, oversight, reporting, and administration is absorbed through existing departmental budgets and is accounted for separately from this outreach line item. Therefore, no incremental internal labor costs are associated with this activity.

SOUTHERN CALIFORNIA GAS COMPANY

PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)

RECEIVED: JULY 10, 2026

SUBMITTED: AUGUST 14, 2026

There are no software, licensing, or technology costs directly attributable to a new enhancement under this line item.

f. AB 2672/HomeKey IT Enhancements:

- SoCalGas provides the following response related to internal labor costs by job classification and labor hours; contractor and vendor costs; and software, licensing, and technology costs.

The projected cost of the AB 2672/HomeKey IT Enhancements is estimated at approximately \$300,000. The enhancement consists of developing a web-based platform parallel to the web application for the residential individually-metered CARE customers to support Expanded CARE enrollment and recertification, including automated routing, application processing, validation checks, reporting functionality, and integration with customer-facing systems.

SOUTHERN CALIFORNIA GAS COMPANY
PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)
RECEIVED: JULY 10, 2026
SUBMITTED: AUGUST 14, 2026

Question 2:

Please identify whether SoCalGas intends to utilize third-party contractors, vendors, or implementation partners. For each third-party engagement, provide:

- a. Applicable contract documents;
- b. Scope of work;
- c. Procurement method;
- d. Whether the work could reasonably be performed using existing SoCalGas personnel or systems.

SoCalGas Response:

SoCalGas has not determined whether third-party contractors, vendors, or implementation partners will be used to support components of SoCalGas's proposed CARE Program delivery improvement projects, see Table 13: Proposed CARE Delivery Enhancement Projects in the Prepared Direct Testimony of Octavio Verduzco and Roy Christian (Exhibit (Ex.) SCG-01.¹ Where appropriate, SoCalGas may engage resources outside of SoCalGas to provide specialized expertise, technology solutions, telecommunications services, software development, marketing services, or system implementation support when such services cannot be reasonably performed using internal SoCalGas employees or existing systems.

The proposed enhancement activities for the CARE probability model are expected to be performed using existing SoCalGas systems and analytical infrastructure.

Specific to Marketing & Outreach (direct mail, email, SMS), SoCalGas continuously explores new approaches to outreach and engaging with customers in a meaningful way, and anticipates approximately \$674,000 costs for Marketing & Outreach to support these efforts.² These costs reflect on-going SoCalGas customer outreach activities (e.g., campaigns, web, and social media strategies) that are part of the CARE Program delivery to help enroll and retain customers. Cost estimates were developed using historical program expenditures and established outreach practices.

- Direct Mail: Costs are based on historical printing and postage costs associated with CARE outreach mailings. Direct mail activities include outreach to SoCalGas customers not enrolled in CARE and customers no longer enrolled in the CARE Program who need to re-apply for CARE.

¹ Ex. SCG-01 at OV and RC-36-37.

² *Id.* at 37, Approximately \$664,000 (mail), \$3,000 (email), and \$7,000 (SMS).

SOUTHERN CALIFORNIA GAS COMPANY

PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)
RECEIVED: JULY 10, 2026
SUBMITTED: AUGUST 14, 2026

- Email: Costs are based on historical customer email outreach activity. Email deployment costs are approximately \$0.001 per email. In 2024, about 3 million CARE-related email communications were distributed to customers.
- SMS/Text Messaging: Costs are based on historical customer outreach activity, message volumes, and associated deployment costs. SMS deployment costs are approximately \$0.01 per text message. SoCalGas estimates that about 700,000 CARE-related SMS messages are distributed annually.

SOUTHERN CALIFORNIA GAS COMPANY
PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)
RECEIVED: JULY 10, 2026
SUBMITTED: AUGUST 14, 2026

Question 3:

For each project, please provide:

- a. Historical expenditures on the existing system or functionality for the past 3 years;
- b. Historical system performance metrics;
- c. Current system limitations; and
- d. State the basis why replacement, enhancement, or modernization is necessary.

SoCalGas Response:

- I. **Improvements to CARE Website and Web Portal:** See response to question 8.
- II. **Improvements to Transaction Messaging:**
 - a. SoCalGas utilizes a vendor for customer SMS communications. The current vendor costs include \$250 per month for Hosting/Support/Software, \$500 per month for Short Code fees, and approximately \$0.009 per outbound message sent. There is no charge for incoming messages and there is no set up fee.
 - b. The SMS solution has successfully supported customer text communications since its deployment in September 2024. Historical message volumes include 154,466 messages in 2024, 563,578 messages in 2025, 505,457 messages through August 4, 2026.
 - c. No operational limitations have been identified with the current SMS functionality. The platform continues to support SoCalGas customer messaging needs and provides an established solution for SMS communications.
 - d. The enhancement supports expansion of the delivery of customer SMS communications using SoCalGas's existing enterprise texting platform. The service provides a cost-effective and scalable method for communicating with customers and supports ongoing program operations through automated message delivery. The enhancement leverages existing infrastructure and minimizes the need for new technology implementation or additional operational processes.
- III. **Interactive Virtual Assistant Telecommunications Upgrade:**
 - a. No historical expenditure information is available for the current Interactive Voice Assistant (IVA) system.
 - b. Historical system performance metrics are not available. The current IVA system provides reporting on the number of CARE applications approved and CARE recertifications completed through the channel.
 - c. The current IVA system has limited eligibility data collection capabilities. Customers can only select a single qualifying public assistance program during enrollment and

SOUTHERN CALIFORNIA GAS COMPANY

PUBLIC ADVOCATES OFFICE (CAL ADVOCATES) Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)

RECEIVED: JULY 10, 2026

SUBMITTED: AUGUST 14, 2026

may provide only a household income amount. The system does not capture the type or source of household income.

- d. The proposed IVA upgrade is necessary to enhance the CARE enrollment process by enabling customers to report multiple-qualifying public assistance programs and provide more detailed information regarding household income sources. These enhancements will improve the completeness, accuracy, and consistency of eligibility data collected during customer interactions, supporting better program administration, reporting, and compliance efforts.

IV. **CARE Probability Model Enhancements:**

- a. Historical expenditures on the existing system or functionality for the past 3 years; SoCalGas performs periodic minimal CARE probability model refreshes as part of ongoing program administration. Historical expenditures specific to model maintenance and refresh activities are not separately tracked as a standalone project cost. The model has been maintained through existing program resources and operational support activities. Claritas data is leveraged in the CARE Probability Model as well as for Marketing and Outreach tactics, and has associated annual subscription costs and tracked in the CARE Marketing and Outreach category, and in 2026, due to limited internal resources, SoCalGas employed a third party data scientist and scrum master to manage and update its CARE Probability Model tracked under the General Administration category.

Existing associated costs are provided below:

Program Year	Cost
2023	\$199,176.54
2024	\$91,594.84
2025	\$183,521.39

- b. The CARE probability model implemented on September 27, 2024 achieved an accuracy rate of 74.49%. Following periodic retraining and refresh activities conducted during 2025, the model achieved an accuracy rate of 78.24% as of the October 2025 refresh. Model coefficients and overall performance remained stable and no major performance degradation was observed.

Below are the historical system performance metrics for the CARE model:

- June 2023: Accuracy 74.00% | Recall 88.00%
- April 2025: Accuracy 76.86% | Precision 80.16% | Recall 90.53%
- May 2025: Accuracy 76.45% | Precision 81.39% | Recall 87.54%
- October 2025: Accuracy 78.24% | Precision 82.43% | Recall 88.87%
- July 2026: Accuracy 80.16% | Precision 83.28% | Recall 88.51%

SOUTHERN CALIFORNIA GAS COMPANY

PUBLIC ADVOCATES OFFICE (CAL ADVOCATES) Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)

RECEIVED: JULY 10, 2026

SUBMITTED: AUGUST 14, 2026

One additional point of context on the July 2026 metrics:

- Accuracy (80.16%): Overall, the model correctly classifies about 80 out of every 100 customers.
 - Precision (83.28%): When the model identifies a customer as eligible, it is correct about 83% of the time. Higher precision helps reduce false positives and supports program integrity.
 - Recall (88.51%): Of customers who are truly eligible, the model identifies about 89%. Higher recall means fewer eligible customers are missed. Together, these metrics show the balance between correctly identifying eligible customers, limiting incorrect eligibility classifications, and avoiding missed eligible customers. Overall, accuracy and precision have improved over time, while recall has remained relatively stable. "
- c. The funding request set forth herein addresses system limitations inherent to the CARE predictive model and establishes the basis for continued maintenance of this model. These limitations should be understood not as current deficiencies in model function, but as future risk factors that must be proactively mitigated to preserve the model's reliability over time. While the CARE probability model currently operates as designed and continues to perform its intended function of determining customer eligibility for automatic recertification in the CARE program and identifying customers who require additional verification, the model is not immune to performance degradation. Such degradation may result from factors including, but not limited to, drift in the underlying feature data, changes in customer population behavior, and the cadence at which the model is retrained.

To mitigate these risk factors and prevent associated degradation in model performance, several proactive measures are necessary on an ongoing basis. These measures include continuous monitoring of feature data drift, increasing the frequency of model retraining, evaluating and adjusting model attributes based on their predictive value, and assessing alternative machine learning algorithms where warranted. The incremental funding requested is necessary to support these protective measures remaining in place, thereby sustaining the integrity, reliability, and accuracy of the model's output and supporting the continued proper administration of the CARE program.

V. Marketing & Outreach (Direct Mail, Email, SMS):

The Marketing & Outreach (Direct Mail, Email, and SMS) line item is not a replacement, enhancement, modernization, or technology project. Rather, it represents ongoing customer communication activities that are routinely utilized to support CARE program enrollment, recertification, and customer awareness objectives.

SOUTHERN CALIFORNIA GAS COMPANY

PUBLIC ADVOCATES OFFICE (CAL ADVOCATES) Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)

RECEIVED: JULY 10, 2026

SUBMITTED: AUGUST 14, 2026

Accordingly:

- Historical expenditures are reflected through prior-year outreach budgets and actual spending levels used to develop the forecasted cost estimates.
- No system replacement or modernization is proposed.
- No current system limitations are being addressed through this budget item.
- No enhancement or technology upgrade is contemplated under this line item.

The proposed funding supports continuation of existing outreach channels and customer engagement activities that have historically been used for CARE program delivery.

VI. AB 2672/HomeKey IT Enhancements:

- a. SoCalGas does not separately track historical expenditures associated with the current manual Expanded CARE application processing system. However, current processing costs as stated in the testimony filed in January 2026 estimated approximately \$57 per application, including postage and handling. With an estimated 1,500 to 2,000 applications per cycle, manual processing costs are approximately \$105,450 per cycle.
- b. The current process relies on manual application intake, processing, tracking, and reporting. One resource currently processes and tracks all Expanded CARE forms manually. Additional historical performance metrics are not currently available. However, SoCalGas tracks Expanded CARE participation levels and program activity through its CARE Annual Reports.
- c. Current Expanded CARE enrollment and recertification processing relies on manual workflows. One resource manually processes, tracks, and reports on all Expanded CARE applications. This process is time-consuming and limits staff availability for other customer support functions, including follow-up on incomplete applications and customer assistance with enrollment and recertification activities. Manual processing also requires manual data entry, printing, mailing, and reporting activities.
- d. The proposed modernization would digitize the Expanded CARE enrollment and recertification process through a web-based platform that automates application routing, integrates validation checks, eliminates manual data entry, enhances reporting capabilities, and improves the customer experience. The investment is intended to reduce administrative burden, improve operational efficiency, streamline enrollment, increase accessibility, reduce processing times, and support future program growth.

SOUTHERN CALIFORNIA GAS COMPANY
PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)
RECEIVED: JULY 10, 2026
SUBMITTED: AUGUST 14, 2026

Question 4:

Please provide all quantitative performance metrics used to justify the project, including but not limited to projected impacts on:

- a. Enrollment rates;
- b. Recertification completion rates;
- c. PEV completion rates;

SoCalGas Response:

SoCalGas did not develop a specific projected enrollment-rate increase attributable to each proposed CARE Program Delivery Enhancement. The purpose of the proposed enhancements and continued best practices is to support effective program administration and improve program operations. Annual Report CARE Tables 2, 3 and 6 refer to the PEV and Recertification Activities, enrollment and completion rates.

With this context, the responses below describe the anticipated operational benefits and objectives associated with each proposed project, including any relevant performance measures where applicable.

- **Improvements to CARE Website and Web Portal:**

The proposed enhancements to the CARE website and web portal are intended to modernize the program's aging enrollment platforms, improve the customer experience, and support more efficient program administration as technology and customer needs continue to evolve. The CARE web portal serves as one of the program's primary participation channels, enabling customers to complete enrollment, recertification, and post-enrollment verification activities online. By implementing these technology and system upgrades, the web portal will be better positioned to support customer participation and retention by reducing barriers to access, improving usability, and expanding self-service capabilities. These enhancements are expected to streamline the application process, improve the accuracy and timeliness of eligibility determinations, and facilitate more efficient processing of program transactions. While SoCalGas did not develop specific quantitative projections for increases in enrollment, recertification, or post-enrollment verification completion rates, the proposed improvements are intended to encourage greater utilization of self-service channels and support higher completion rates across key customer interactions.

SOUTHERN CALIFORNIA GAS COMPANY

PUBLIC ADVOCATES OFFICE (CAL ADVOCATES) Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)

RECEIVED: JULY 10, 2026

SUBMITTED: AUGUST 14, 2026

- **Improvements to Transaction Messaging**

The purpose of this proposed enhancement is to support on-going customer outreach activity and messaging through established best practices, while supporting effective program administration and improving program operations.

- **Interactive Virtual Assistant Telecommunications:**

The Interactive Virtual Assistant (IVA) Telecommunications Upgrade is initiated to modernize and enhance the existing customer interaction platform, improve system reliability, support evolving technology requirements, and maintain service continuity. The IVA project proposal was not proposed based on projected impacts to enrollment rates, recertification completion rates, PEV completion rates, or other program performance measures.

The justification was based on operational and technical needs, including improving telecommunication infrastructure, enhancing customer access to automated self-service options, increasing system stability, and supporting future functionality and scalability.

- **Marketing & Outreach:**

The purpose of this proposed enhancement is to support on-going customer outreach activity and messaging through established best practices, while supporting effective program administration and improving program operations.

- **AB 2672/HomeKey IT:**

In Ex. SCG-01, SoCalGas did not include quantified projections for enrollment rates, recertification completion rates, or PEV completion rates resulting from the proposed enhancement. As of May 2025, within SoCalGas's service territory there were 919 accounts enrolled in CARE that receive benefits and are eligible for Expanded CARE.

SoCalGas's proposal identifies the following quantitative metrics that support its enhancement request:

- Processing cost is approximately \$57 per application.
- Approximately 800 Expanded CARE accounts are identified as eligible but not currently participating.
- Approximately 1,050 enrolled Expanded CARE accounts require recertification every four years.
- Total application volume is estimated between 1,500 and 2,000 applications every four years
- Manual processing costs are approximately \$105,450 every four years.
- By automating this process, SoCalGas anticipates reducing processing costs by approximately 30% to 40%, resulting in estimated savings of \$31,635 to \$42,180 in the four years.

SOUTHERN CALIFORNIA GAS COMPANY

PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)

RECEIVED: JULY 10, 2026

SUBMITTED: AUGUST 14, 2026

SoCalGas's proposals are focused on operational efficiencies, administrative cost reductions, improved accessibility, and customer experience improvements rather than quantified enrollment or recertification performance targets.

- **CARE Probability Model:**

The proposed periodic refresh of the CARE Probability Model is designed to maintain model performance over time as customer demographics, economic conditions, and eligibility characteristics evolve. By incorporating more current data, the model can continue to support effective customer outreach, auto-recertification activities, and post-enrollment verification efforts, thereby promoting program efficiency, program integrity, and appropriate targeting of program resources. The proposal is intended to support the effectiveness and accuracy of these program functions over time.

SOUTHERN CALIFORNIA GAS COMPANY
PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)
RECEIVED: JULY 10, 2026
SUBMITTED: AUGUST 14, 2026

Question 5:

For each CARE Delivery Enhancement Project identified in Table 13, please explain how SoCalGas determined that the proposed investment is cost-effective and provide all analyses supporting that determination.

SoCalGas Response:

- **Improvements to CARE Website and Web Portal:**

SoCalGas determined that the proposed investments are cost-effective because they leverage and enhance an existing CARE enrollment platform that has already demonstrated operational efficiencies and effective customer engagement, as opposed to developing a new platform. These enhancements build upon one of the program's primary customer participation channels and are designed to improve accessibility for eligible customers, increase self-service utilization, and support more efficient program administration.

Collectively, the proposed investments will modernize aging or unsupported systems, improve system integration and functionality, streamline operational processes, strengthen cybersecurity protections, and enhance the overall customer experience. The projects are also expected to reduce administrative burden, improve processing efficiency and accuracy, support long-term system reliability and maintainability, and enable the CARE Program to more effectively meet evolving customer expectations and technology requirements.

While SoCalGas did not perform a quantitative cost-benefit analysis for each individual enhancement project, the investments were evaluated based on the anticipated operational, customer service, and risk mitigation benefits associated with the proposed enhancement projects. Specifically, the cost-effectiveness determination reflects the expected benefits of increased self-service completion rates, reduced reliance on manual processing, improved processing timeliness and accuracy, enhanced cybersecurity safeguards, greater system scalability, improved customer accessibility, and lower long-term maintenance and support requirements.

Accordingly, SoCalGas concluded that the proposed investments are needed because the anticipated qualitative benefits are expected to improve program delivery, enhance customer participation and retention, reduce operational inefficiencies, and provide sustained program value and reliability.

SOUTHERN CALIFORNIA GAS COMPANY

PUBLIC ADVOCATES OFFICE (CAL ADVOCATES) Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)

RECEIVED: JULY 10, 2026

SUBMITTED: AUGUST 14, 2026

- **Improvements to Transaction Messaging:**

SoCalGas believes that the proposed SMS/Text Messaging investment is cost effective because it provides a low-cost, scalable method to improve customer engagement, program accessibility, and compliance with CARE recertification and PEV requirements.

Since launching transactional SMS notifications in 2024, SoCalGas has delivered an average of approximately 40,000 messages per month to CARE customers scheduled for recertification or verification. These messages provide direct links to online recertification and document upload tools, making it easier for customers to complete and maintain program participation.

SoCalGas proposes to continue and expand this effort by adding SMS reminders for Expanded CARE customers, implementing an opt-out option for customers who no longer require the discount, and enhancing engagement tracking capabilities.

The proposed expansion requires an incremental yearly investment of \$13,320 to be funded within the CARE General Administration budget category. SoCalGas considers this investment cost-effective because it leverages an established, low-cost communication channel to provide timely, accessible, and automated outreach to a large customer population, helping customers remain informed of program requirements while supporting continued program compliance and improved customer experience.

- **Interactive Virtual Assistant Telecommunications Upgrade:**

The proposed IVA Telecommunications Upgrade is cost-effective based on the expected operational efficiencies, improved data quality, and enhanced customer enrollment experience that will result from expanding the IVA's CARE application capabilities.

Currently, the IVA only allows customers to identify a single qualifying public assistance program and provide a household income amount. The proposed upgrade will enable customers to report multiple qualifying public assistance programs and provide more detailed household income source information during the enrollment process. This additional functionality is expected to improve the completeness and accuracy of CARE enrollment data collected through customer interactions.

SOUTHERN CALIFORNIA GAS COMPANY

PUBLIC ADVOCATES OFFICE (CAL ADVOCATES) Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)

RECEIVED: JULY 10, 2026

SUBMITTED: AUGUST 14, 2026

The cost-effectiveness determination was based on an assessment of the following anticipated benefits:

- **Improved Data Accuracy:** More complete eligibility information captured at the point of application is expected to reduce incomplete records, data entry errors, and subsequent correction activities.
- **Improved Program Compliance:** Detailed documentation of qualifying assistance programs and household income sources will support eligibility verification and regulatory reporting requirements.
- **Enhanced Customer Experience:** Allowing customers to provide all required information through a single interaction is expected to reduce repeat contacts and improve enrollment completion rates.

These operational enhancements are expected to improve the efficiency, accuracy, and timeliness of CARE enrollment processing while supporting a more consistent customer experience. The proposed investment of approximately \$298,800 in implementation costs and \$120,000 in annual ongoing costs will modernize CARE enrollment operations and strengthen overall program administration.

- **CARE Probability Model Enhancements:**

The proposed CARE probability model enhancement is cost effective because it builds upon an existing operational model and data pool rather than requiring development of a new modeling platform or complete system replacement. The proposed annual investment of approximately \$88,000 supports contract labor resources required for periodic model maintenance activities, including data analysis, feature engineering, model evaluation, and hyperparameter optimization intended to maintain predictive accuracy and program integrity. In contrast, onboarding a full-time resource to support the CARE model will result in higher costs, approximately at \$300,000 per year. The requested funding represents an incremental enhancement to an established operational process that supports auto-recertification and PEV activities required under D.21-06-015. Maintaining an accurate model helps promote efficient administration of CARE verification and recertification activities while minimizing unnecessary operational burden. No separate quantitative cost-benefit study was performed. Rather, the proposal is based on SoCalGas's operational experience maintaining the CARE probability model and observed improvements in model performance resulting from periodic refresh and optimization activities. During 2025,

SOUTHERN CALIFORNIA GAS COMPANY

PUBLIC ADVOCATES OFFICE (CAL ADVOCATES) Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)

RECEIVED: JULY 10, 2026

SUBMITTED: AUGUST 14, 2026

the model's measured accuracy improved from 74.49% to 78.24% following ongoing model refresh activities.³

- **Marketing & Outreach:**

The CARE ME&O activities identified in Table 13 are part of SoCalGas's ongoing customer outreach strategy. Investment levels for these activities are informed by historical program performance and the continued effectiveness of established outreach channels in reaching income-qualified customers.

Specific to Marketing & Outreach (direct mail, email, SMS), SoCalGas continuously explores new approaches to outreach and engage with customers in a meaningful way and anticipates approximately \$674,000 costs for Marketing & Outreach to support these efforts.⁴ These costs reflect on-going SoCalGas customer outreach activities (e.g., campaigns, web, and social media strategies) that are part of the CARE Program delivery and administration. Cost estimates were developed using historical program expenditures and established outreach practices.

- Direct Mail: Costs are based on historical printing and postage costs associated with CARE outreach mailings. Direct mail activities include outreach to SoCalGas customers not enrolled in CARE and customers no longer enrolled in the CARE Program who need to re-apply for CARE.
- Email: Costs are based on historical customer email outreach activity. Email deployment costs are approximately \$0.001 per email. In 2024, about 3 million CARE-related email communications were distributed to customers.
- SMS/Text Messaging: Costs are based on historical customer outreach activity, message volumes, and associated deployment costs. SMS deployment costs are approximately \$0.01 per text message. SoCalGas estimates that about 700,000 CARE-related SMS messages are distributed annually.

SoCalGas evaluates the effectiveness of its marketing efforts using a variety of performance metrics, including CARE enrollments, program participation levels, customer reach, website traffic, ad engagement rates, and progress toward penetration goals. Marketing channels are continually monitored and adjusted to determine their ability to effectively reach and engage eligible customers.

Historical campaign results have demonstrated consistent success in generating customer awareness and supporting CARE enrollment objectives. Performance data from prior outreach efforts, including enrollment outcomes, audience engagement metrics, and customer response trends, provide the basis for continuing investment in these

³ Amended Annual Report of SoCalGas on Low Income Assistance Programs for Program Year 2026 (Amended 2025 SoCalGas Annual Report) at 156-157, *available at*: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M609/K653/609653634.PDF>.

⁴ Ex. SCG-01 at OV and RC-37, Approximately \$664,000 (mail), \$3,000 (email), and \$7,000 (SMS).

SOUTHERN CALIFORNIA GAS COMPANY

PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)

RECEIVED: JULY 10, 2026

SUBMITTED: AUGUST 14, 2026

established marketing channels. As a result, SoCalGas considers these activities cost effective because they utilize proven outreach methods that support program participation goals and help eligible customers being informed about available assistance programs.

- **AB 2672/HomeKey IT:**

SoCalGas evaluated the proposed AB 2672/HomeKey IT enhancements based on the operational efficiencies and administrative cost savings that would result from automating the current manual enrollment and recertification process. Currently, application processing costs approximately \$57 per application, resulting in estimated processing costs of approximately \$105,450 every four years for an estimated 1,500 to 2,000 applications.

The proposed web-based solution would automate application intake, routing, validation, reporting, and processing functions. Automation is projected to reduce overall processing costs by approximately 30% to 40%, resulting in estimated savings of approximately \$31,635 to \$42,180 within the four years through reductions in manual data entry, labor effort, printing, and mailing costs.

In addition to direct operational savings, the proposal is expected to improve processing efficiency, reduce administrative burden, improve accessibility, support enrollment and recertification activities, enhance customer experience, and provide improved reporting and analytics capabilities. These operational benefits are expected to contribute to long-term value and help offset the estimated \$300,000 investment over time.

As this proposed enhancement relates to future project activities, SoCalGas does not currently possess detailed labor classifications, labor-hour estimates, vendor selections, procurement documentation, implementation contracts, quantified enrollment or recertification projections, or formal cost-effectiveness studies. SoCalGas submits that the estimated costs for this enhancement project represent preliminary planning-level estimates.

SOUTHERN CALIFORNIA GAS COMPANY

PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)

RECEIVED: JULY 10, 2026

SUBMITTED: AUGUST 14, 2026

CARE IT Projects

Referring to Ex. SCG-02, Table 14: CARE IT Projects – Proposed System Improvements to CARE Web Portal:

Question 6:

Please provide a detailed line-item budget breakdown for each proposed project and enhancement, including, but not limited to:

- a. Internal labor costs by job classification and labor hours;
- b. Contractor and vendor costs;
- c. Software, licensing, and technology costs.

SoCalGas Response:

SoCalGas provides the following table for responses 6a,6b, and 6c:

Proposed Project Name	Cost Breakdown	Total Estimated Cost
Submeter Enrollment Form Modernization	- My Account portion: Estimated at 1,900 hours. A blended rate of \$150/hour was used. - SAP CIS portion: Estimated at 967 hours each for two interfaces with the SAP CIS system. A blended rate of SoCalGas internal labor and Contractor labor of \$150/hour was used.	\$575,000
Document Repository Integration (My Account CARE)	Estimated at 1,266 hours. A blended rate of \$150/hour was used.	\$190,000
Virus & Malware Scanning Tool	Estimated at 633 hours. A blended rate of \$150/hour was used.	\$95,000

SOUTHERN CALIFORNIA GAS COMPANY

PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)
RECEIVED: JULY 10, 2026
SUBMITTED: AUGUST 14, 2026

UX Redesign for CARE Application Flows	Estimated at 1,900 hours. A blended rate of \$150/hour was used.	\$285,000
Omni-Channel & Multi-Session Support	Estimated at 1,900 hours. A blended rate of \$150/hour was used.	\$285,000
Content Management System Upgrade (Papervision SAP)	Estimated at 3,868 hours for interfaces and an estimate of 2,800 hours for integrating the data and documents into multiple validated and high complexity user screens and processes within the SAP CIS system. A blended rate of Company and Contractor labor of \$150/hour was used.	\$1,000,000

SOUTHERN CALIFORNIA GAS COMPANY
PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)
RECEIVED: JULY 10, 2026
SUBMITTED: AUGUST 14, 2026

Question 7:

Please identify whether SoCalGas intends to utilize third-party contractors, vendors, or implementation partners. For each third-party engagement, provide:

- a. Applicable contract documents;
- b. Scope of work;
- c. Procurement method;
- d. Whether the work could reasonably be performed using existing SoCalGas personnel or systems.

SoCalGas Response:

- a. See response to Question 7.c.
- b. See response to Question 7.c.
- c. The procurement method and final contracting approach will depend on project scope, system requirements, vendor availability, and applicable SoCalGas procurement policies, pending final approval from the Commission.
- d. At this stage, SoCalGas does not expect all work to be reasonably performed solely by existing personnel or systems because several proposed projects involve vendor-supported platforms, specialized software, system integrations, licensing, storage, workflow redesign, testing, and potential architecture changes. SoCalGas anticipates that certain proposed CARE IT projects may require third-party vendors, contractors, or implementation partners because the proposed work involves specialized systems, vendor-owned technology, software licensing, and/or integration with existing enterprise platforms.

SOUTHERN CALIFORNIA GAS COMPANY
PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)
RECEIVED: JULY 10, 2026
SUBMITTED: AUGUST 14, 2026

Question 8:

For each project, please provide:

- a. Historical expenditures on the existing system or functionality for the past 3 years;
- b. Historical system performance metrics;
- c. Current system limitations; and
- d. State the basis why replacement, enhancement, or modernization is necessary.

SoCalGas Response:

- a. See table provided below listing historical expenditures on the existing system or functionality for the past 3 years:

System / Functionality	2023	2024	2025
Historical Web Portal expenditures regarding the following proposed enhancements: - Submeter Enrollment Form Modernization - Document Repository Integration (My Account CARE) - Virus & Malware Scanning Tool - UX Redesign for CARE Application Flows - Omni-Channel & Multi-Session Support	\$158,879	\$155,149	\$325,590
Historical expenditures on the existing Papervision system regarding the following proposed enhancement: - Content Management System Upgrade (Papervision SAP)	\$11,555	\$11,851	\$3,600

- b. See table provided below listing the historical system performance metrics:

SoCalGas provides the following table based on historical system performance in volume.

CARE Website and Web Portal	2023	2024	2025
Enrollment rate	104,548	99,516	91,785
Recertification completion rate	103,195	114,147	87,382
PEV completion rate	4,127	6,120	32,165

- c. See response to question 8.d.

SOUTHERN CALIFORNIA GAS COMPANY

PUBLIC ADVOCATES OFFICE (CAL ADVOCATES) Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)

RECEIVED: JULY 10, 2026

SUBMITTED: AUGUST 14, 2026

- d. While historical expenditures for the CARE website and web portal have remained relatively modest due to prior budget constraints, these investments have successfully supported essential system maintenance and operational continuity. To position the program for future success, SoCalGas proposes a series of strategic enhancements that will modernize the platform, align it with evolving technology standards, and better meet changing customer expectations. Historical system performance metrics indicate a positive trend in online PEV completion rates, demonstrating increasing customer adoption of digital services. Building on this momentum, the proposed web enhancements are expected to further streamline operational processes, enhance the customer experience through improved accessibility and usability, and strengthen the accuracy of program eligibility determinations for PEV transactions completed through the web portal.

The table provided below lists the CARE IT Projects, current limitations, and describes the basis why replacement, enhancement, or modernization is necessary.

Project / Functionality	Current Limitations	Enhancement Need
Submeter Enrollment Form Modernization	The existing sub-metered CARE web portal for enrollment and recertifications for tenants in mobile home parks is built on outdated and unsupported technology, features a 12-year-old web design that no longer aligns with the socialgas.com customer experience. It requires manual updates for annual income guideline changes and cannot integrate with My Account because sub-metered customers are tenants that do not have individual bill accounts with SoCalGas.	My Account to support application/recertification/PEV for these customers. This proposed upgrade will improve usability, provide immediate enrollment confirmation of enrollment status to sub-metered and mobile home park households, and enable better self-service program accessibility for 25,000 sub-metered tenants, enhancing overall customer experience.
Document Repository Integration (My Account CARE)	My Account sends an email with links to PEV documents to CARE clerks, who then have to manually upload files into the Papervision document repository.	Build an integration from My Account into CARE team's Papervision document repository. This system enhancement will enable real-time image file transfers, improve reliability and security through handling, and reduce manual workload for CARE program processing.

SOUTHERN CALIFORNIA GAS COMPANY

PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)

RECEIVED: JULY 10, 2026

SUBMITTED: AUGUST 14, 2026

Virus & Malware Scanning Tool	Scanning for viruses and malware is happening only before a CARE team member opens an attachment sent by a My Account customer, introducing potential security vulnerabilities	Introduce tools for automatically inspecting uploaded documents for viruses and malware at the point of customer submission in My Account, before forwarding them to the CARE team. By scanning files upon upload from the customer, and quarantining any infected documents immediately, malware is prevented from spreading to the wider CARE Program document system. This enhancement will significantly reduce cybersecurity risks and strengthen overall system security.
UX Redesign for CARE Application Flows	While the user interface received a company-wide visual refresh in 2024, the underlying structure still reflects the original 2017 design.	Apply modern UX best practices to improve navigation, simplify interactions, and better align with current customer expectations. This proposed upgrade will make the CARE application process more intuitive and accessible, ultimately increasing self-service rates and reducing barriers to program participation.

SOUTHERN CALIFORNIA GAS COMPANY

PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)

RECEIVED: JULY 10, 2026

SUBMITTED: AUGUST 14, 2026

Omni-Channel & Multi-Session Support	Customers must complete a CARE application within a single channel (i.e., web portal) and a single session, from start to finish. If a customer begins the enrollment, recertification, or verification process and becomes inactive for a period of time, they may be required to start over. This can lead to frustration, incomplete submissions, and lower program participation.	Customers would be able to save their progress and return later to complete their application. Additionally, they could switch between a different submission channel without having to re-enter previously entered information. For example, a customer could start a CARE Application through My Account and then choose to complete the application through the call center. This improvement may enhance the overall customer experience, reduce input errors, and shorten call-handling times, ultimately supporting higher engagement and program efficiency.
Content Management System Upgrade (Papervision SAP)	CARE applications and documents are stored in a separate web-based platform, with files imported manually via user upload or through automated transfers during application processing. With the current process, CARE clerks have to navigate between two separate systems, the web-based document repository platform and the current CIS, when helping customers with their CARE Program application.	Replace the CARE program's outdated standalone document system with an integrated platform that can directly connect to SoCalGas's new SAP CIS. This change will modernize how CARE documents are managed, improve compatibility between systems, and retire the existing costs of maintaining a separate non-interfaced system. It will also allow CARE clerks to access and navigate CARE documents more easily, leading to faster and more efficient customer support. Streamlining these workflows through system integration or enhanced tools would significantly improve operational efficiency, reduce processing time, and enhance the overall customer experience.

SOUTHERN CALIFORNIA GAS COMPANY
PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)
RECEIVED: JULY 10, 2026
SUBMITTED: AUGUST 14, 2026

Question 9:

Please provide all quantitative performance metrics used to justify the project, including but not limited to projected impacts on:

- a. Enrollment rates;
- b. Recertification completion rates;
- c. PEV completion rates;

SoCalGas Response:

The proposed enhancements to the CARE website and web portal are intended to modernize the program's aging enrollment platforms, improve the customer experience, and support more efficient program administration as technology and customer needs continue to evolve. The CARE web portal serves as one of the program's primary participation channels, enabling customers to complete enrollment, recertification, and post-enrollment verification activities online. By implementing these technology and system upgrades, the web portal will be better positioned to support customer participation and retention by reducing barriers to access, improving usability, and expanding self-service capabilities. These enhancements are expected to streamline the application process, improve the accuracy and timeliness of eligibility determinations, and facilitate more efficient processing of program transactions. While SoCalGas did not develop specific quantitative projections for increases in enrollment, recertification, or post-enrollment verification completion rates, the proposed improvements are intended to encourage greater utilization of self-service channels and support higher completion rates across key customer interactions.

SOUTHERN CALIFORNIA GAS COMPANY
PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)
RECEIVED: JULY 10, 2026
SUBMITTED: AUGUST 14, 2026

Question 10:

For the proposed Content Management System Upgrade (Papervision SAP), please explain:

- a. Why the existing system is inadequate;
- b. The expected annual reduction in support and maintenance costs; and
- c. How the estimated \$1 million project cost was derived.

SoCalGas Response:

- a. SoCalGas's proposed upgrade to replace the CARE program's standalone document system with a new SAP integrated platform is intended to modernize how CARE documents are managed, improve compatibility between systems, and retire the existing costs of maintaining a separate non-interfaced system.⁵ Currently, CARE applications and documents are stored in a separate web-based platform, with files imported manually via user upload or through automated transfers during application processing. With the current process, CARE representatives have to navigate between two separate systems, the web-based document repository platform and the Customer Information System (CIS), when helping customers with their CARE Program application. The proposed upgrade will allow CARE representatives to access and navigate CARE documents more easily. Streamlining these workflows through system integration or enhanced tools would significantly improve operational efficiency, reduce processing time, and enhance the overall customer experience.
- b. As discussed in Ex. SCG-01, SoCalGas anticipates to "retire the existing costs of maintaining a separate non-interfaced system".⁶ The proposed upgrade to an integrated SAP platform is expected to reduce reliance on a standalone document repository and leverage a document management platform that is more closely integrated with SAP CIS processes. A quantifiable estimate of annual operations and maintenance savings are not available at this time because the design, scope, and final support and maintenance costs for this proposed upgrade have not yet been finalized.
- c. SoCalGas estimated costs for this upgrade at approximately \$1,000,000, using planning-level assumptions regarding the SAP integration effort and licensing/storage costs. Specifically, SoCalGas estimated this proposed system improvement project will include a change to SAP CIS's CARE process to link to applications stored in the new repository system and 3 new document interfaces from My Account to SAP.⁷

⁵ Ex. SCG-01 at OV and RV-42-43.

⁶ *Id.* at OV and RV-43.

⁷ *Id.*

SOUTHERN CALIFORNIA GAS COMPANY

PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)

RECEIVED: JULY 10, 2026

SUBMITTED: AUGUST 14, 2026

Activity	Forecasted Cost
Enhancement (Standalone document system to new SAP integrated platform)	\$ 420,000
3 new document interfaces from MyAccount to SAP	\$ 580,000 ¹
Total Proposed Upgrade Content Management System	\$ 1,000,000

¹ This includes costs for licensing, storage, and related technology. Costs reflect the need to store both existing legacy CARE documents and future customer documents within the new integrated SAP platform. Storage costs are expected to increase overtime due to the continued document retention requirements and growth in document volumes in accordance with SoCalGas's record retention policies.

SOUTHERN CALIFORNIA GAS COMPANY
PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)
RECEIVED: JULY 10, 2026
SUBMITTED: AUGUST 14, 2026

Question 11:

For the proposed Omni-Channel and Multi-Session Support project, please state the basis and provide documentary support that the project will reduce incomplete submissions and improve efficiency.

SoCalGas Response:

The basis for the proposed Omni-Channel and Multi-Session Support project addresses a key limitation in the current system, which requires customers to complete a CARE enrollment, recertification, or verification transaction through a single channel and within a single session. If a customer needs additional time or assistance to complete the application, they may be required to restart the process, which can result in customer frustration, abandoned transactions, duplicate effort, and lower program participation.

The proposed enhancement would enable customers to save their progress and return at a later time to complete their application. It would also enable customers to seamlessly transition between multiple channels such as My Account, IVA, or call center support, without having to re-enter previously provided information. The proposed functionality aligns with industry-standard digital service practices that provide customers with greater flexibility and convenience, resulting in a more efficient and customer-centric application experience.

This functionality is expected to reduce incomplete submissions and improve efficiency by:

- allowing customers to pause and resume applications rather than abandoning the process
- reducing duplicate data entry when customers move between channels
- allowing customer service representatives to continue from the point where the customer stopped
- reducing errors associated with re-entering information
- reducing call handle time by eliminating the need to ask customers to repeat information already provided

SOUTHERN CALIFORNIA GAS COMPANY
PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)
RECEIVED: JULY 10, 2026
SUBMITTED: AUGUST 14, 2026

CARE Operational Enhancements

Referring to Table 15: Recommended CARE Operational Enhancements for PYs 2028–2033:

Question 12:

Please provide a detailed line-item budget breakdown for each proposed project and enhancement, including, but not limited to:

- a. Internal labor costs by job classification and labor hours;
- b. Contractor and vendor costs;
- c. Software, licensing, and technology costs.

SoCalGas Response:

OCR technology upgrade:

The estimated cost represents anticipated vendor services required to upgrade the CARE application processing system's OCR technology with advanced AI-driven capabilities. The estimated level of effort encompasses project management, requirements gathering, solution design and development, installation, testing, documentation, training, and go-live support. The total effort is estimated at 684 hours at a rate of \$185 to \$195 per hour, with an additional 20% vendor discount, resulting in a total estimated project cost of \$100,000.

Workflow management dashboard:

The estimated cost of \$176,940 represents the total incremental licensing cost for PYs 2028-2033. This estimate is based on the 2025 annual software licensing cost of \$18,995 and assumes the vendor's maximum annual price increase of 5%, along with applicable inflation adjustments.

PY2028	PY2029	PY2030	PY2031	PY2032	PY2033	Overall Total (3% inflation)
\$24,028	\$25,986	\$28,104	\$30,395	\$32,872	\$35,551	\$176,936

Customized OCR templates for redesigned CARE enrollment forms:

The vendor cost estimate is based on the development of 10 form templates across two form types, with each form type available in five languages.

Form Template	# of Template Forms	Hours	Rate (\$)/Hour	Estimated Total
Self-Certification/Recertification Form Template	5	50	\$195	\$9,750
PEV Form Template	5	50	\$195	\$9,750

SOUTHERN CALIFORNIA GAS COMPANY

PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)
RECEIVED: JULY 10, 2026
SUBMITTED: AUGUST 14, 2026

Total Estimated Cost	\$19,500
----------------------	----------

CARE CSR Telecommunications:

The CARE CSR Telecommunications category includes maintenance of existing call recording capabilities and dedicated CARE representative support, both of which are existing operational activities and do not require incremental funding beyond ongoing labor and administrative costs.

The only enhancement with a separately identified incremental budget is the proposed implementation of a modern cloud-based contact center platform. See table provided below; the project costs are shared across CARE, ESA, and Energy Efficiency, with CARE responsible for approximately one-third of the total project cost. CARE's allocated share consists of a one-time implementation cost of \$50,000 and recurring licensing and maintenance costs totaling \$156,240 over PYs 2028-2033, for a total CARE investment of \$206,240.

At this time, SoCalGas has not identified separate incremental internal labor costs by job classification or labor hours associated with implementation of the platform. Any internal support required for implementation, coordination, oversight, testing, training, or program administration is expected to be absorbed through existing program administration and operational resources. Contractor and vendor costs associated with the platform are included within the implementation, licensing, and maintenance costs identified above.

SOUTHERN CALIFORNIA GAS COMPANY

PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)

Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)

RECEIVED: JULY 10, 2026

SUBMITTED: AUGUST 14, 2026

Cost Category	Description	PY 2028	PY 2029	PY 2030	PY 2031	PY 2032	PY 2033	Total
Software/Technology Implementation	CARE share of Genesys implementation costs	\$50,000	\$0	\$0	\$0	\$0	\$0	\$50,000
Software Licensing & Maintenance	CARE share of recurring licensing and maintenance fees	\$24,800	\$24,800	\$24,800	\$27,280	\$27,280	\$27,280	\$156,240
Internal Labor	No incremental labor costs identified; work to be supported through existing resources	N/A	N/A	N/A	N/A	N/A	N/A	\$0
Contractor/Vendor Costs	Included within implementation and licensing costs above	Included	Included	Included	Included	Included	Included	Included
Total CARE Cost		\$74,800	\$24,800	\$24,800	\$27,280	\$27,280	\$27,280	\$206,240

SOUTHERN CALIFORNIA GAS COMPANY

**PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)**

RECEIVED: JULY 10, 2026

SUBMITTED: AUGUST 14, 2026

CARE Operational Enhancements

Referring to Table 15: Recommended CARE Operational Enhancements for PYs 2028–2033:

Question 13:

Please state the basis of how SoCalGas quantifies the expected benefits associated with each operational enhancement.

SoCalGas Response:

CARE Document Processing & Management

Optical Character Recognition (OCR) Technology Enhancements:

The proposed OCR technology enhancements are expected to improve the accuracy of CARE program eligibility data, accelerate application processing, and reduce the manual effort associated with paper form processing. The current OCR solution has demonstrated data recognition limitations that require ongoing manual intervention. As a result, the CARE Operations team receives a daily correction report identifying enrollment records that were not accurately processed by the application processing system and require manual review and correction. This additional effort increases processing times and reduces operational efficiency.

The proposed enhancements will leverage advanced artificial intelligence (AI)-driven optical character recognition capabilities to improve the extraction and interpretation of both machine-printed and handwritten data fields. Increased data recognition accuracy is expected to significantly reduce the volume of enrollment records requiring manual correction, resulting in faster application processing and an improved customer experience.

In addition, improved data accuracy will reduce incomplete or incorrect enrollment information, streamlining customer eligibility verification processes and strengthening program integrity. These enhancements will also support compliance with regulatory requirements by improving the quality and reliability of enrollment data used for program administration, reporting, and auditing purposes.

Workflow Management Dashboard:

The workflow management dashboard will enable dedicated CARE team to monitor and manage workloads in real time, improve workload distribution, and enhance visibility into team performance through automation and dynamic widgets. These widgets will provide insight into key metrics such as operator productivity, batch counts and statuses, and system administrative tasks. By automating work assignment and

SOUTHERN CALIFORNIA GAS COMPANY

PUBLIC ADVOCATES OFFICE (CAL ADVOCATES) Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)

RECEIVED: JULY 10, 2026

SUBMITTED: AUGUST 14, 2026

tracking, the tool will reduce the need for Team Leads to manually oversee daily workload distribution, allowing them to focus on higher-value operational priorities.

In addition, the dashboard will provide management with a centralized and accessible view of key performance metrics, productivity levels, and workload trends, supporting more informed decision-making and more effective resource management. Enhanced visibility into application inventories and staff workloads will help support work being distributed more evenly and monitored more efficiently across the team.

The dashboard also represents a significant operational improvement by automatically assigning CARE applications from all available sources directly to users' queues each day. This streamlined process is expected to increase processing efficiency and reduce application turnaround times. By improving workload balance, increasing operational transparency, and reducing manual effort, the dashboard will help streamline operations, enhance productivity, and optimize resource utilization. Ultimately, customers will benefit from faster processing and timelier service, contributing to an improved customer experience and higher overall customer satisfaction.

CARE CSR Telecommunications

Benefits will also be evaluated through ongoing performance monitoring using key operational metrics such as average speed to answer, call abandonment rates, service level attainment, repeat call volume, and quality assurance results. Comparisons of baseline and post-implementation performance will be used to assess improvements in customer service delivery, operational effectiveness, workforce productivity, and program support outcomes. These enhancements are expected to strengthen quality controls, improve consistency in customer interactions, support regulatory compliance requirements, and increase the overall efficiency of CARE program administration. The CARE CSR telecommunications enhancements are expected to improve operational efficiency, strengthen service quality, and enhance the overall customer experience. Anticipated outcomes include faster response times, improved first-contact resolution, reduced repeat customer contacts, increased service level performance, improved quality assurance results, and greater consistency in customer interactions. These enhancements will also support more effective staff coaching and compliance oversight while increasing workforce productivity and enabling more efficient administration of CARE program services. Overall, the enhancements are expected to improve customer satisfaction, support regulatory requirements, and deliver sustainable operational benefits.

SOUTHERN CALIFORNIA GAS COMPANY

PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)

RECEIVED: JULY 10, 2026

SUBMITTED: AUGUST 14, 2026

CARE Post Enrollment Verification (PEV)

Question 14:

Please explain in detail SoCalGas's proposed strategy for addressing CARE over-enrollment, including its request for flexibility in the Post-Enrollment Verification (PEV) rate cap. Specifically, describe how SoCalGas intends to use adjustments to PEV rates, verification activities, and recertification requirements to manage CARE enrollment levels while maintaining program integrity.

SoCalGas Response:

SoCalGas proposes to address CARE over-enrollment through a flexible, data-driven strategy that strengthens PEV and recertification activities while maintaining access to CARE program for eligible customers. To support this approach, SoCalGas requests flexibility in the PEV rate cap, allowing verification efforts to be adjusted based on actual CARE enrollment levels.

If CARE participation remains above targeted levels, SoCalGas retains the discretion to adjust or increase PEV rates and/or reduce auto-recertification as needed. Conversely, if participation declines, SoCalGas retains the discretion to decrease verification activity and expand auto-recertification where appropriate. This flexibility would enable SoCalGas to align enrollment activities with evolving program participation trends rather than relying on a fixed verification rate.

SoCalGas will continue its established verification and recertification processes, including customer notifications and eligibility reviews, to identify and remove households that no longer qualify for CARE or elect not to continue participating in the CARE program. Regular verification, recertification, and data-driven oversight help support benefits being distributed equitably and responsibly while maintaining program integrity. The requested flexibility would support SoCalGas's goal of gradually reducing CARE participation from approximately 109% in December 2025 to 95% by 2033. For more detailed information, please refer to Ex. SCG-01 at pages OV and RC 26-30.

SOUTHERN CALIFORNIA GAS COMPANY
PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)
RECEIVED: JULY 10, 2026
SUBMITTED: AUGUST 14, 2026

Question 15:

Please explain in detail the following statement from the testimony:

"SoCalGas recommends expanding its current best practices for verification and recertification and increasing total verification requests per year or lowering auto recertification and vice versa depending on the overall CARE enrollment rates." Please provide the following:

- a. A detailed description of the "current best practices" referenced in the testimony;
- b. The criteria or performance metrics SoCalGas would use to determine when to increase verification requests or reduce auto-recertification.

SoCalGas Response:

- a. The "current best practices" referenced in the testimony are the existing CARE enrollment, recertification, and verification practices that SoCalGas has implemented and refined over multiple program cycles to balance customer participation, customer retention, administrative efficiency, and program integrity.

These practices include:

- Offering multiple enrollment and recertification channels, including online, phone, mail, fax, IVA, and My Account.
- Providing multilingual customer support and outreach through community-based organizations and other partners.
- Using automated notifications through mail, email (if available), texts (if available), bill messages, phone calls, and MyAccount reminders.
- Automatically recertifying customers for one enrollment cycle who are highly likely to remain eligible based on the CARE Probability Model.
- Conducting Program Eligibility Verification (PEV) for customers determined by the CARE Probability Model as least likely to qualify.
- Providing exemptions from verification and recertification activities for certain customers whose eligibility has been verified through other channels such as LIHEAP, Gas Assistance Fund, ESA Program, or auto-enrollment from data exchanges with other CPUC-regulated utilities.

These practices contributed to CARE participation rates exceeding the Commission's 95% enrollment goal during the 2021-2026 program cycle.

- b. As stated in the testimony,⁸ SoCalGas would evaluate overall CARE enrollment and participation rates, as well as ongoing recertification and PEV activity and results

⁸ Ex. SCG-01 at pages OV and RC 26-30.

SOUTHERN CALIFORNIA GAS COMPANY

PUBLIC ADVOCATES OFFICE (CAL ADVOCATES)
Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)

RECEIVED: JULY 10, 2026

SUBMITTED: AUGUST 14, 2026

tracked through its monthly CARE reporting, when determining whether to increase PEV requests or adjust auto-recertification practices.

Factors that may be considered include:

- Overall CARE enrollment and penetration rates
- Customer retention and recertification completion rates
- Verification results and continued eligibility rates
- Performance of the CARE Probability Model
- Program integrity objectives and customer experience considerations

Generally, if enrollment levels decline, SoCalGas may consider expanding retention-focused practices such as auto-recertification. Conversely, if enrollment levels remain strong and additional eligibility validation is warranted, SoCalGas may consider increasing verification activity and reducing reliance on auto-recertification to support discounts being provided to eligible and willing households. Any such adjustments would be evaluated in accordance with Commission requirements and overall program performance.

SOUTHERN CALIFORNIA GAS COMPANY

PUBLIC ADVOCATES OFFICE (CAL ADVOCATES) Data Request No. CalAdvocates-KH-SCG-2026-1 (Partial-03)

RECEIVED: JULY 10, 2026
SUBMITTED: AUGUST 14, 2026

Question 16:

Referring to the attachment IQP Tables-SoCalGas.xlsx, tab Q14, please provide the annual authorized budget and recorded expenditures for each CARE budget category shown in Table 1 below from 2022 through 2031.

Table 1: CARE Budget by Category (Show Full Budget Amount)

CARE Budget Categories	PY 2022 Actual	PY 2023 Actual	PY 2024 Actual	PY 2025 Actual	PY 2022 Authorized	PY 2023 Authorized	PY 2024 Authorized	PY 2025 Authorized	PY 2026 Approved	Proposed PY 2027 (A.25-06-022)	Authorized PY 2027 (A.25-06-022)	PY 2028	PY 2029	PY 2030	PY 2031	Total Request (2028-2031)
Outreach																
Processing, Certification, Recertification																
Post Enrollment Verification																
IT Programming																
Regulatory Compliance																
General Administration																
Measurement & Evaluation																
Pilots and Studies																
CPUC Energy Division Staff																
CHANGES																
Total Administrative Costs																

SoCalGas Response:

See attached file: "SoCalGas Response_IQP Tables-SCG_08.07.2026.xlsx".

APPENDIX B
Data Request No. TURN-SoCalGas-04,
SoCalGas Response to Question 5

SOUTHERN CALIFORNIA GAS COMPANY

THE UTILITY REFORM NETWORK (TURN)

Data Request No. TURN-SoCalGas-04

RECEIVED: APRIL 21, 2026

SUBMITTED: AUGUST 14, 2026

The following questions pertain to **SoCalGas's Application 26-01-011 (consolidated in A.26-01-003 et al) and Supporting Testimony, and responses to TURN-SoCalGas-01 and TURN-SoCalGas-02.**

For each question, please provide the name of each person who materially contributed to the preparation of the response. If different, please also identify the SoCalGas witness who would be prepared to respond to cross-examination questions regarding the response.

For any questions requesting numerical recorded data, ***please provide all responses in machine-readable format, with cells and formulae functioning.***

For any question requesting documents, please interpret the term broadly to include any and all hard copy or electronic documents or records in SoCalGas's possession.

Finally, if partial responses are available prior to the requested due date, please forward them as soon as they become available. If any of these requests are unclear or otherwise objectionable, please contact Julia de Lamare as soon as possible so that we may attempt to resolve any problems.

SOUTHERN CALIFORNIA GAS COMPANY

THE UTILITY REFORM NETWORK (TURN)

Data Request No. TURN-SoCalGas-04

RECEIVED: APRIL 21, 2026

SUBMITTED: AUGUST 14, 2026

I. GENERAL OBJECTIONS

1. SoCalGas objects generally to each request to the extent that it seeks information protected by the attorney-client privilege, the attorney work product doctrine, or any other applicable privilege or evidentiary doctrine. No information protected by such privileges will be knowingly disclosed.
2. SoCalGas objects generally to each request that is overly broad and unduly burdensome. As part of this objection, SoCalGas objects to discovery requests that seek “all documents,” “all emails,” or “all information” and similarly worded requests on the grounds that such requests are unreasonably cumulative and duplicative, fail to identify with specificity the information or material sought, and create an unreasonable burden compared to the likelihood of such requests leading to the discovery of admissible evidence. Notwithstanding this objection, SoCalGas will produce all relevant, non-privileged information not otherwise objected to that it is able to locate after reasonable inquiry.
3. SoCalGas objects generally to each request to the extent that the request is vague, unintelligible, or fails to identify with sufficient particularity the information or documents requested and, thus, is not susceptible to response at this time.
4. SoCalGas objects generally to each request that: (1) asks for a legal conclusion to be drawn or legal research to be conducted on the grounds that such requests are not designed to elicit facts and, thus, violate the principles underlying discovery; (2) requires SoCalGas to do legal research or perform additional analyses to respond to the request; or (3) seeks access to counsel’s legal research, analyses or theories.
5. SoCalGas objects generally to each request to the extent it seeks information or documents that are not reasonably calculated to lead to the discovery of admissible evidence.
6. SoCalGas objects generally to each request to the extent that it is unreasonably duplicative or cumulative of other requests.
7. SoCalGas objects generally to each request to the extent that it would require SoCalGas to search its files for matters of public record such as filings, testimony, transcripts, decisions, orders, reports or other information, whether available in the public domain or through FERC or CPUC sources.
8. SoCalGas objects generally to each request to the extent that it seeks information or documents that are not in the possession, custody or control of SoCalGas.
9. SoCalGas objects generally to each request to the extent that the request would impose an undue burden on SoCalGas by requiring it to perform studies, analyses or calculations or to create documents that do not currently exist.

SOUTHERN CALIFORNIA GAS COMPANY

THE UTILITY REFORM NETWORK (TURN)

Data Request No. TURN-SoCalGas-04

RECEIVED: APRIL 21, 2026

SUBMITTED: AUGUST 14, 2026

10. SoCalGas objects generally to each request that calls for information that contains trade secrets, is privileged or otherwise entitled to confidential protection by reference to statutory protection. SoCalGas objects to providing such information to the extent it is not covered by the parties' Non-Disclosure Agreement, if applicable.

SOUTHERN CALIFORNIA GAS COMPANY

THE UTILITY REFORM NETWORK (TURN)

Data Request No. TURN-SoCalGas-04

RECEIVED: APRIL 21, 2026

SUBMITTED: AUGUST 14, 2026

II. EXPRESS RESERVATIONS

1. No response, objection, limitation or lack thereof, set forth in these responses and objections shall be deemed an admission or representation by SoCalGas as to the existence or nonexistence of the requested information or that any such information is relevant or admissible.
2. SoCalGas reserves the right to modify or supplement its responses and objections to each request, and the provision of any information pursuant to any request is not a waiver of that right.
3. SoCalGas reserves the right to rely, at any time, upon subsequently discovered information.
4. These responses are made solely for the purpose of this proceeding and for no other purpose.

SOUTHERN CALIFORNIA GAS COMPANY

THE UTILITY REFORM NETWORK (TURN)

Data Request No. TURN-SoCalGas-04

RECEIVED: APRIL 21, 2026

SUBMITTED: AUGUST 14, 2026

III. RESPONSES

Modification of Fund Shifting Rules

Question 1:

Please describe how the proposed modification, as described in Section 6.1.7. on pages OV and RC-106 to OV and RC-108 of SoCalGas' testimony of Octavio Verduzco and Roy Christian, will affect budgets in each year of the 2028-2033 ESA Plan in the event there is persistent underspending.

SoCalGas Response:

SoCalGas, as part of its regular and ongoing business practices, closely monitors program expenditures and conduct monthly budget and production forecasts to support effective financial stewardship and achievement of program objectives. Through ongoing performance evaluations, SoCalGas will proactively identify trends in spending, therm savings, homes treated, and contractor productivity to support that resources are aligned with program goals and expected spending.

In the event of persistent underspending coupled with underperformance against therm savings and homes-treated objectives, SoCalGas will evaluate and implement appropriate corrective actions to maximize program effectiveness, which may include but are not limited to reallocating contract amounts and production allocations to high-performing contractors with demonstrated capacity, operational readiness, and available workforce to efficiently deliver additional therm savings and serve more eligible households. SoCalGas may also engage additional qualified contractors to supplement program capacity or replace contractors that consistently fail to meet performance expectations.

As discussed in Exhibit (Ex.) SCG-01, Section 6.1.7 Proposed Fund Shifting Rules regarding flexibility (rollover, return, offset, commit, etc.), , any unspent funds remaining at the end of a program year may be applied to offset collections required in the subsequent year.¹ Accordingly, should sustained underspending occur, but with program goals being achieved, unused funds could reduce the need for future revenue collection from ratepayers. In addition, future Program Year budgets and therm savings goal may be rebalanced and redistributed to account for underutilized funding and support program resources being directed where they can achieve the greatest customer and energy savings impact.

¹ Ex. SCG-01 at OV and RC-107.

SOUTHERN CALIFORNIA GAS COMPANY

THE UTILITY REFORM NETWORK (TURN)

Data Request No. TURN-SoCalGas-04

RECEIVED: APRIL 21, 2026

SUBMITTED: AUGUST 14, 2026

Modification of Fund Shifting Rules

Question 2:

Please describe how the proposed modification, as described in Section 6.1.7. on pages OV and RC-106 to OV and RC-108 of SoCalGas' testimony of Octavio Verduzco and Roy Christian, will affect budgets in each year of the 2028-2033 ESA Plan in the event there is persistent overspending.

SoCalGas Response:

As discussed in Ex. SCG-01, in Section 6.1.7, the purpose of proposing Program Cycle Portfolio budgets is to provide greater flexibility in managing funds and supporting effective program delivery in a changing economic environment.² Market conditions, customer needs, and implementation schedules continue to evolve, and inflexible budget structures can limit the IOUs' ability to respond to these changes. This proposal also addresses feedback from ESA Program contractors and members of the Low-Income Oversight Board (LIOB), who have expressed concerns about the difficulty of accessing available unspent ESA Program funds when needed.

To prevent overspending, SoCalGas has established several internal controls and monitoring processes. One key control is the annual allocation of contractor not-to-exceed (NTE) contract amounts, which are tied to specific therm savings goals. Although SoCalGas requests approval for Program Cycle Portfolio budgets, its contractor funding levels in accordance with contracting agreements will continue to be established on a one-year basis. These contract limits are then programmed into both the program's internal invoicing technology platforms and the company's financial and payment systems. In addition, monitoring thresholds and milestone alerts notify program staff when contractors are approaching their approved funding limits. Contractor allocations are also finalized several months before the start of each program year, providing contractors with sufficient time to plan staffing, outreach, and lead-generation activities to support program delivery throughout the full Program Year (twelve-month period).

² Ex. SCG-01 at OV and RC-107.

SOUTHERN CALIFORNIA GAS COMPANY

THE UTILITY REFORM NETWORK (TURN)

Data Request No. TURN-SoCalGas-04

RECEIVED: APRIL 21, 2026

SUBMITTED: AUGUST 14, 2026

Budgets, Savings, and Benefits

Question 3:

Please refer to 09_ESA Table A-1, ESA Main Budget.xlsx in Attachment E – Tables (excels)_03.04.2026.zip of SoCalGas' Response to TURN-DR-SoCalGas 001 Q001. Please also refer to 10_ESA Table A-1A, MFWB Planning Assumptions.xlsx in Attachment E – Tables (excels)_03.04.2026.zip of SoCalGas' Response to TURN-DR-SoCalGas 001 Q001.

- a. Please provide SoCalGas' data in the format shown in PG&E's Testimony for Table A-1, Planning Assumptions, ESA Main Program in Appendix A (on page AppA-6) Testimony.
- b. Why doesn't SoCalGas provide a table with ESA Main Planning Assumptions, similar to what is provided by PG&E, SCE, and SDG&E?
- c. Please provide a sum of the ESA Main budgets, savings, benefits, and calculate cost-effectiveness based on the costs and benefits for gas equipment replacement measures.
- d. Please provide a sum of the ESA Main budgets, savings, benefits, and calculate cost-effectiveness based on the costs and benefits for all other measures that do not involve gas equipment replacement.
- e. Please provide a sum of the MFWB budgets, savings, benefits, and calculate cost-effectiveness based on the costs and benefits for gas equipment replacement measures.
- f. Please provide a sum of the MFWB budgets, savings, benefits, and calculate cost-effectiveness based on the costs and benefits for all other measures that do not involve gas equipment replacement.

SoCalGas Response:

- a. On August 11, 2026 SoCalGas filed a Notice of Correction for table "ESA Table A-1, ESA Main Program Planning Assumptions," which was inadvertently omitted in the original filed Low Income Program Full Cycle application. See attached file: "10a_ESA Table A-1, ESA Main Program Planning Assumptions.xlsx".
- b. See response to question 3.a.
- c. SoCalGas only installs equipment where the water-heating and/or space-heating energy source is supplied by SoCalGas. As a result, all proposed measures in SoCalGas's Main ESA Program are considered gas equipment replacement measures. See attached file: "TURN-DR-SoCalGas Q3.xlsx", see workbook titled "Q-3C & 3D".
- d. SoCalGas installs equipment where the water-heating and/or space-heating fuel source is supplied by SoCalGas. See attached file: "TURN-DR-SoCalGas Q3.xlsx", see workbook titled "Q-3C & 3D".

SOUTHERN CALIFORNIA GAS COMPANY

THE UTILITY REFORM NETWORK (TURN)

Data Request No. TURN-SoCalGas-04

RECEIVED: APRIL 21, 2026

SUBMITTED: AUGUST 14, 2026

-
- e. SoCalGas installs equipment where the water-heating and/or space-heating energy source is supplied by SoCalGas. As a result, all proposed measures in SoCalGas's MFWB Program are considered gas equipment replacement measures. See attached file: "TURN-DR-SoCalGas Q3.xlsx", see workbook titled "Q-3E & 3F".
 - f. SoCalGas installs equipment where the water-heating and/or space-heating energy source is supplied by SoCalGas. As a result, none of the measures proposed for SoCalGas's MFWB Program do not involve gas equipment replacement. See attached file: "TURN-DR-SoCalGas Q3.xlsx", see workbook titled "Q-3E & 3F".

SOUTHERN CALIFORNIA GAS COMPANY

THE UTILITY REFORM NETWORK (TURN)

Data Request No. TURN-SoCalGas-04

RECEIVED: APRIL 21, 2026

SUBMITTED: AUGUST 14, 2026

Question 4:

Please refer to Attachment H in SoCalGas' Supplemental Testimony. Several tables in Attachment H are illegible. Please provide new, legible versions of all tables in Attachment H, in both PDF and Excel formats.

SoCalGas Response:

See attached files: "A2601011 SCG-03 Supplemental Testimony of Verduzco and Christian 2026.07.10 Final.pdf" and "Supplemental Testimony of Octavio Verduzco and Roy Christian_07.10.2026 - Attachment H - Excel files.zip".

SOUTHERN CALIFORNIA GAS COMPANY

THE UTILITY REFORM NETWORK (TURN)

Data Request No. TURN-SoCalGas-04

RECEIVED: APRIL 21, 2026

SUBMITTED: AUGUST 14, 2026

Question 5:

Please refer to SoCalGas' Response to TURN-DR-SoCalGas 002 Q001, Discovery Tables_04.27.2026.xlsx", tab '01', which shows that the sum of labor escalation and non-labor escalation is 16-17% of the total proposed budget in 2029, 2030, 2031, 2032, and 2033. This appears to conflict with page OC and RV-97 of SoCalGas' testimony of Octavio Verduzco and Roy Christian, which states: "After 2028, SoCalGas proposes only a 3% escalation to the budget to keep up with inflation." Please reconcile these contradictory pieces of information. If there is an error in TURN-DR-SoCalGas 002 Q001, Discovery Tables_04.27.2026.xlsx", tab '01' please provide an updated version of this table. If this is not an error, please explain.

SoCalGas Response:

SoCalGas confirms that the 3% escalation reflected in its application is correct. The escalation is calculated based on the values presented in the **"Total"** column of Excel row 19. When comparing the annual total ESA Main budget amounts, each year reflects a 3% increase over the prior year. For example, the 2029 budget amount of **\$106,510,780** represents a 3% increase over the 2028 budget amount of **\$103,408,525**. The same calculation methodology applies to each subsequent year, resulting in a consistent annual escalation rate of 3%.

Additionally, the sentence, "After 2028, SoCalGas proposes only a 3% escalation to the budget to keep up with inflation," should be read in the context of the preceding sentence, which states:

Because higher energy bills in California would significantly affect households, communities, and the state economy, SoCalGas is proposing an EE budget for the beginning of the new Program Cycle in 2028 at the level where the current Program Cycle ends in 2026.

In support of this discussion, SoCalGas identified the Energy Efficiency (EE) budget in row 19 under the **"Program Updates"** column. Therefore, the budget values reflected in that row should be used when evaluating the proposed escalation. Escalation should not be calculated separately by adding the amounts contained in the **"Labor and Non-Labor Escalation"** columns.

SOUTHERN CALIFORNIA GAS COMPANY

THE UTILITY REFORM NETWORK (TURN)

Data Request No. TURN-SoCalGas-04

RECEIVED: APRIL 21, 2026

SUBMITTED: AUGUST 14, 2026

Question 6:

Please refer to SoCalGas' Response to TURN-DR-SoCalGas 002 Q006, Discovery Tables_04.27.2026.xlsx", tab '03'.

- a. There are negative benefits for Air Sealing/Envelope, Furnace Clean and Tune, and Furnace Repair/Replacement measures in 2028, 2029, 2030, 2031, 2032, and 2033. Please explain why the benefits for these HCS measures are negative.
- b. Does the Air Sealing/Envelope measure have therm savings? If so, how does it meet the definition of an HCS measure (aka a measure without gas savings)?
- c. Does the Furnace Clean and Tune measure have therm savings? If so, how does it meet the definition of an HCS measure (aka a measure without gas savings)?
- d. Does the Furnace Repair/Replacement measure have therm savings? If so, how does it meet the definition of an HCS measure (aka a measure without gas savings)?

SoCalGas Response:

- a. The negative ESACET benefits for Air Sealing/Envelope, Furnace Clean and Tune, and Furnace Repair/Replacement occur because these measures provide minimal energy savings, and in some cases negative therm savings. As a result, the projected energy benefits are low and do not outweigh the costs of installing the measures, resulting in negative ESACET benefits. Furnace Clean and Tune and Furnace Repair/Replacement are considered Health Comfort and Safety (HCS) measures with negative therm savings, while Air Sealing/Envelope is classified as an HCS measure due to its minimal energy savings. Certain ESA measures may provide significant non-energy benefits such as improved occupant comfort, equipment reliability and housing quality even when direct energy benefits or cost-effectiveness metrics are limited.
- b. The IOUs define a HCS measure as one with 1 or fewer first year therms saved. For all climate zone and housing types except for Single Family homes in Climate zone 9, which has a first-year savings of 4.12 therms, the savings is zero. On an average basis across the program year, the savings for that measure meets the definition of HCS.
- c. Furnace Clean and Tune has negative first year therm savings for all climate zones and housing types. This meets the definition of HCS noted above in response to question 6.b.
- d. Furnace Repair/Replacement has individual components that can have positive or negative savings. As a whole, over the course of a program year, this measure has a net negative savings, thus meeting the definition of HCS as defined above in the response to question 6.b.

SOUTHERN CALIFORNIA GAS COMPANY

THE UTILITY REFORM NETWORK (TURN)

Data Request No. TURN-SoCalGas-04

RECEIVED: APRIL 21, 2026

SUBMITTED: AUGUST 14, 2026

Electrification

Question 7:

Please refer to SDG&E's Response to TURN-DR-SDG&E-01_AMENDMENT Q.10.a which states, "COL 23. The original-fuel utility program administrator should receive a reduction in their portfolio energy efficiency goals, calculated as the energy savings achieved in the original fuel due to the fuel substitution measure, to account for the loss of energy efficiency potential when its fuel is substituted."

- a. Did SoCalGas reduce the gas savings goals in its proposed ESA 2028 2033 Plan due to the proposed electrification in SCE's 2028-2033 ESA Plan? Please explain.
- b. Did SoCalGas reduce the number of gas equipment replacement measures in its proposed ESA 2028-2033 Plan due to the proposed electrification in SCE's 2028-2033 ESA Plan? Please explain.

SoCalGas Response:

- a. SoCalGas objects to this request on the grounds that it assumes facts that are not in evidence and calls for speculation as to what SDG&E meant with the quoted language.

Subject and notwithstanding these objections, SoCalGas responds as follows: No. SoCalGas did not coordinate with SCE in creating the gas savings goals or gas equipment replacement measures that were proposed in its Income Qualified Programs (IQP) Full Cycle application for PYs 2028-2033. SoCalGas submits that, in addition to the other IOUs (Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric), there are nineteen Publicly Owned Utilities (POUs) that provide electric service within our service territory. Coordinating SoCalGas's application with the other electric providers is not required and would not have been practical. SoCalGas is nonetheless open to collaborating with electric providers throughout SoCalGas's service territory to help inform customers of other available measures. SoCalGas's proposed goals in its full cycle application reflect the needs of customers across SoCalGas's service territory and are not solely based on the customers who receive fuel substitution measures from SCE.

- b. SoCalGas objects to this request on the grounds that it assumes facts that are not in evidence and calls for speculation as to what SDG&E meant with the quoted language.

Subject and notwithstanding these objections, SoCalGas responds as follows: See response to question 7.a.