

Application: A.26-01-010  
Exhibit No.: SDG&E-06  
Witnesses: Alexandria Moffat  
David Hueser  
Lulu Vizcarra

**REBUTTAL TESTIMONY OF**  
**ALEXANDRIA MOFFAT (POLICY)**  
**DAVID HUESER (CARE AND FERA)**  
**AND**  
**LULU VIZCARRA (ESA)**

**ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

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



**OCTOBER 16, 2026**

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**REBUTTAL TESTIMONY OF**  
**ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

**I. INTRODUCTION**

SDG&E's prepared rebuttal testimony addresses September 14, 2026, testimony submitted by the following parties:

- California Emerging Technology Fund (CETF);
- Center for Accessible Technology (CforAT);
- Energy Efficiency Council (EEC);
- County of Los Angeles (LA County);
- National Consumer Law Center (NCLC) as submitted by Leigh Ferrin (NCLC-01)
- Public Advocates Office (Cal Advocates) (CA-01, CA-02);
- Sierra Club (SC) (SC-01); and
- The Utility Reform Network (TURN) (TURN-01, TURN-02, TURN-03, TURN-04);

More specifically, SDG&E's rebuttal testimony addresses the following issues:

- The Commission's definition of electrification and treatment of costs and benefits used for fuel substitution and electrification;
- The Commission's policy on fuel switching and treatment as a health, comfort and safety (HCS) measure;
- TURN's recommendation for standardization of electrification reporting;
- TURN's recommendation for unspent funds and funds shifting restrictions;
- Cal Advocates' recommendation for a Tier 3 Advice Letter to reduce authorized Energy Savings Assistance (ESA) budgets when spending falls below forecasted level;
- Cal Advocates' recommendation to apply a zero-percent escalation rate to SDG&E's ESA budgets for Program Years 2028 through 2033;

- Cal Advocates’ recommendation to set California Alternate Rates for Energy (CARE) and ESA budgets using 2025 historical spending and reduced funding despite future program assumptions;
- Cal Advocates’ challenges to customer experience improvements and associated budget request for the My Energy Center Enhancements;
- NCLC, CforAT, Cal Advocates, and TURN’s recommendations to oppose SDG&E’s proposal to increase CARE Post Enrollment Verification (PEV) from 6% to up to 20%;
- TURN and CforAT’s recommendations regarding the CHANGES Budget;
- Cal Advocates’ recommendation to oppose SDG&E’s proposal to increase Family Electric Rate Assistance (FERA) capitation fees;
- CETF’s proposal for increased broadband direct marketing budget to be funded by investor-owned utilities (“IOUs”);
- TURN, Cal Advocates, Sierra Club’s recommendation to deny SDG&E’s Electrification Pilot proposal;
- Cal Advocates’ recommendation of a 12-month bill neutrality guarantee;
- Cal Advocates’ recommendation to reduce SDG&E’s proposed ESA budget and savings goals to 2025 actual levels;
- EEC’s recommendation for a contractor WE&T reimbursement model, payment requirements and marketing budget;
- EEC’s proposal to adopt SoCalGas’s WE&T model;
- Cal Advocates’ recommendation for an instant rebate marketplace model;
- Sierra Club’s recommendation to expand access to air purifiers to need state segments;
- Cal Advocates’ cost effectiveness challenge and potential narrowing of ESA objectives to ESACET performance and implement fixed rate contracts; and
- Los Angeles County’s (LA County) proposal to administer a Regional Multifamily ESA Pilot sub-program in cooperation with individual jurisdictions and the IOUs.

## II. POLICY TESTIMONY

### A. Electrification

TURN, Sierra Club, and Public Advocates provide several recommendations regarding the implementation of electrification across IOU service territories. SDG&E addresses broader electrification policy issues in this chapter, whereas the program-specific electrification issues raised by the intervenors are addressed in Chapter IV on ESA programs.

#### 1. SDG&E Recommends the Commission Adopt a Standard Definition of Electrification and Confirm the Treatment of Costs and Benefits Used for Fuel Substitution and Fuel Switching

Before responding to specific intervenor comments regarding electrification, SDG&E recommends that the Commission establish standardized definitions for the terms used in this proceeding, including “electrification”, “fuel substitution” and “fuel switching.” These terms are sometimes used interchangeably, and clear definitions are necessary to provide consistency in program design, implementation, cost recovery, and reporting.

Establishing and confirming these definitions for ESA programs is important because they will determine: (1) which funding sources may be used to support related activities, including whether ESA public purpose program (PPP) funds or other funding sources are appropriate; (2) how goals and targets should be established, including the scope of future Potential and Goals studies; (3) the parameters used to calculate program cost-effectiveness, including avoided costs, savings, measure costs, and non-energy benefits; and (4) the reporting requirements associated with these activities.

Although the Commission has adopted definitions for these terms in other proceedings, SDG&E recommends that the Commission clarify and confirm their application to ESA programs in this proceeding. The terms used in other Commission and California Energy

Commission proceedings are discussed below, and SDG&E recommends the following definitions.

(1) **Electrification:** Neither the Commission nor the California Energy Commission (CEC) appears to have adopted a single, controlling definition of “electrification” for purposes of this proceeding. SDG&E recommends that the Commission adopt the CEC’s broader understanding of electrification: activities that replace fossil-fuel end uses, e.g., including natural gas, propane, and other fuels, with electric technologies. This broader definition would encompass both electric fuel substitution and electric fuel switching. Indeed, TURN’s data request asks the utilities to define the term, which suggests that its meaning has not been consistently established.<sup>1</sup> The CEC generally uses “electrification” to describe the replacement of fossil fuel end uses with electric technologies and does not appear to limit the term to any particular fossil fuel source in the documents reviewed.<sup>2</sup> The ESA Policy and Procedures Manual (ESA P&P Manual) also uses a similar definition.<sup>3</sup> By contrast, in the Building Decarbonization Rulemaking ((Rulemaking (R.) 19-01-011), the Commission assumes a general understanding of what electrification means which could encompass both fuel substitution and fuel switching. SDG&E recommends using the CEC and ESA P&P Manual definition.

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<sup>1</sup> Exhibit (Ex.) TURN-01, *Prepared Testimony of Jennifer Kallay* (September 14, 2026) (Ex. TURN-01), Appendix B, TURN-DR-SDG&E-01\_AMENDMENT, Electrification Questions 8, 9, and 10.

<sup>2</sup> CEC, *Deep Decarbonization in a High Renewables Future* (June 2018), available at: <https://www.energy.ca.gov/sites/default/files/2021-06/CEC-500-2018-012.pdf>.

<sup>3</sup> CPUC, *Statewide Energy Savings Assistance Program 2021-2026 Cycle Policy and Procedures Manual (v1.4)* (revised April 18, 2025) (ESA P&P Manual), at 89, available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/consumer-support/documents/20250418-statewide-esa-program-pp-manualv14.pdf>.

1 (2) **Fuel Substitution:** Decision (D.) 19-08-009 defines fuel substitution as changing  
2 from one regulated fuel to another (e.g., from natural gas to electricity).<sup>4</sup> The ESA Policy and  
3 Procedures Manual has applied this definition.<sup>5</sup>

4 (3) **Fuel Switching:** D.19-08-009 defines fuel switching as changing from the use of a  
5 non-regulated fuel to a regulated one (e.g., from propane to electricity).<sup>6</sup> The ESA Policy and  
6 Procedures Manual has applied this definition.<sup>7</sup>

7 By confirming these definitions, the Commission will provide a clearer foundation for  
8 treatment of costs and benefits, accounting and reporting policies on electrification activities in  
9 this ESA program cycle.

10 **2. SDG&E Recommends the Commission Confirm the Treatment of**  
11 **Costs and Benefits Used for Fuel Substitution.**

12 TURN's data requests sought information regarding the policies and procedures the  
13 utilities are using, or plan to use, to determine funding sources, calculate cost-effectiveness, and  
14 establish the treatment of goals for electrification, fuel substitution, and fuel switching.

15 Although there may be a common understanding of what fuel substitution and fuel switching are,  
16 there is not a consistent treatment of costs and benefits used for accounting and reporting fuel  
17 substitution activities across utilities. A review of SDG&E's and PG&E's responses  
18 demonstrates that the utilities do not approach fuel substitution in the same manner. For  
19 example, PG&E states that, "(t)he responsibility for paying for the costs of PG&E's ESA  
20 electrification measures is shared between electric and gas customers."<sup>8</sup> By contrast, in the  
21 absence of ESA-specific policies in this proceeding or in D.21-06-015, SDG&E's responses

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<sup>4</sup> D.19-08-009, Findings of Fact (FOF) 2, at 50-51.

<sup>5</sup> ESA P&P Manual, at 90.

<sup>6</sup> D.19-08-009, FOF 2, at 50-51.

<sup>7</sup> ESA P&P Manual, at 90.

<sup>8</sup> Ex. TURN-01, Appendix B, TURN\_001-Q010, Answer 010b to Question 10b at 2.

1 relied on the Commission-approved fuel substitution policies adopted for energy efficiency in  
2 D.19-08-009, which establishes the following requirements for fuel substitution:<sup>9</sup>

3 (1) **Funding:** Fuel substitution measures should be funded by the ratepayers of the new  
4 fuel, not the original fuel being substituted. In an electrification scenario, the electric utility or  
5 electric PPP monies should fund the fuel substitution measure and not the gas PPP monies.

6 (2) **Cost-Effectiveness:** Any costs and benefits, including energy savings, fuel  
7 substitution measures or programs, should be reflected in the portfolio of the program  
8 administrator sponsoring the fuel substitution measure. The Commission's Energy Efficiency  
9 cost effectiveness calculator (CET), also used for calculating ESA Total Resource Cost (TRC)  
10 cost effectiveness, handles fuel substitution costs and benefits.

11 (3) **Treatment of Goals:** The original-fuel utility program administrator should receive a  
12 reduction in their portfolio energy efficiency goals, calculated as the energy savings achieved in  
13 the original fuel due to the fuel substitution measure, to account for the loss of energy efficiency  
14 potential when its fuel is substituted. Currently, the ESA Decision (D.21-06-015) does not  
15 address how to account for reductions in goals due to fuel substitution.

16 Given the difference in how utilities treat fuel substitution measures, it is important for  
17 the Commission to establish what fuel substitution measures that accounting and reporting  
18 policies should be applied to ESA. The Commission has well established fuel substitution  
19 policies and procedures related to funding, cost effectiveness, and treatment of goals for Energy  
20 Efficiency projects. SDG&E has applied these same policies to the ESA programs because there  
21 is nothing formally established for ESA. SDG&E recommends that the Commission adopt the  
22 same funding, cost effectiveness, and treatment of goals for the ESA portfolio as D.19-08-009.

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<sup>9</sup> Ex. TURN-01, Appendix B, TURN-DR-SDG&E-01\_AMENDMENT, Electrification Questions 8, 9, 10.

1 If the Commission determines that D.19-08-009 should not apply to ESA, SDG&E recommends  
2 the development of ESA fuel substitution costs and benefits policies and procedures be delegated  
3 to SDG&E's proposed Income Qualified Programs (IQP) Workshop, where stakeholders can  
4 also participate and contribute valuable perspectives.<sup>10</sup>

### 5 **3. SDG&E Recommends the Commission Explicitly State its Policy on** 6 **Fuel Switching**

7 The Commission has approved fuel switching in other proceedings. For example, D.18-  
8 12-015 approved 11 electrification pilot projects and one natural gas pilot project in San Joaquin  
9 Valley disadvantaged communities lacking access to natural gas service.<sup>11</sup> The approved  
10 electrification pilots were specifically designed to replace propane- and wood-burning appliances  
11 with electric appliances, thereby authorizing fuel-switching and whole-home electrification  
12 projects. The Commission also approved fuel switching measures, primarily water heating and  
13 space heating measures, for the TECH Clean California in D.20-03-027.<sup>12</sup> TECH has fuel  
14 switching pilots that replace propane and wood-burning space heating and water heating with  
15 heat pump technologies.<sup>13</sup> In the ESA proceeding, D.21-06-015 recognizes and authorizes  
16 electrification-related pilots and directs utilities to evaluate electrification measures within the  
17 ESA program. Specifically, the Decision and Advice Letter (AL) 3842- E/3012-G et. al. allows  
18 for fuel switching as an eligible ESA measure for Southern California Edison's (SCE) ESA Main  
19 program.<sup>14</sup>

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<sup>10</sup> Ex. SDG&E-01, *Prepared Direct Testimony of Kazeem Omidiji* (January 16, 2026) (Ex. SDG&E-01), at KO-21 to KO-22.

<sup>11</sup> D.18-12-015, Ordering Paragraph (OP) 1, at 161.

<sup>12</sup> D.20-03-027, OP 1 at 106, and at 88.

<sup>13</sup> See TECH, Redwood Coast Energy Authority, *available at*: <https://techcleanca.com/quick-start-grants/2021-quick-start-grant-recipients/redwood-coast-energy-authority-rcea/>, and AESC, *available at*: <https://techcleanca.com/quick-start-grants/2021-quick-start-grant-recipients/aesc/>, are TECH Quick Start Grant recipients implementing fuel switching projects.

<sup>14</sup> SDG&E AL 3842-E/3012-G et. al. (approved December 22, 2021 and effective October 1, 2021).

SDG&E believes that fuel switching primarily provides non-energy benefits that improve health, comfort, and safety. As such, SDG&E recommends that the Commission approve fuel switching measures as HCS measures. SDG&E recommends the next non-energy benefits study proposed to begin 2029 include fuel switching. Furthermore, SDG&E recommends that fuel switching measures not be included in the Income Qualified Potential and Goals Study at this time. There is limited fuel switching experience and empirical data available to support reliable estimates of participation, savings, and market adoption for the ESA programs. Therefore, SDG&E recommends excluding these measures from the potential assessment until sufficient data has been collected.

#### **4. Standardization of Electrification Reporting Should Promote Consistency.**

TURN recommends that the Commission standardize the manner in which the investor-owned utilities report on the energy impacts of electrification. In discovery, TURN observes that the utilities currently use different methodologies, including SCE's conversion of gas and propane savings from electrification to kWh.<sup>15</sup> SCE also explained that it applies a claimable-kWh methodology that converts therm savings into electric equivalents to capture electric impacts and fuel-substitution effects within a standardized metric.<sup>16</sup> On the other hand, SDG&E reports gas savings from fuel substitution measures as therm savings and does not convert those savings to kWh in its reporting tables.<sup>17</sup> With respect to reporting expenses, PG&E reports both gas and electric expenses for fuel substitution measures, whereas SDG&E reports these costs as all electric expenses.<sup>18</sup>

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<sup>15</sup> Ex. TURN-01, at 8.

<sup>16</sup> Ex. TURN-01, Appendix B, Data Request Set TURN-SCE-002, Question 10.

<sup>17</sup> Ex. TURN-01, Appendix B, TURN-DR-SDG&E-01\_AMENDMENT, Electrification Questions 8.a-8.c.

<sup>18</sup> Ex. TURN-01, Appendix B, TURN\_001-Q010, IQPPY28-33\_DR\_TURN\_001-Q010, Question 10.

1 The utilities' existing reporting approaches illustrate why Commission guidance is  
2 appropriate. SDG&E agrees that greater consistency and transparency in electrification reporting  
3 for both fuel substitution and fuel switching would benefit the Commission and stakeholders.  
4 Commission guidance concerning cost and benefit discussed above should inform a consistent  
5 reporting framework. As part of Energy Division and the utilities' discussions on streamlining  
6 reporting, SDG&E proposes including a standardized electrification reporting framework, based  
7 on the Commission's adopted policies for tracking and accounting for fuel substitution and fuel  
8 switching within ESA.<sup>19</sup>

## 9 **B. Fund Shifting and Treatment of Unspent Funds**

### 10 **1. SDG&E Recommends the Commission Approve its Fund Shifting** 11 **Proposal**

12 TURN's recommendation regarding the treatment of unspent funds should be rejected  
13 because it imposes an arbitrary ten percent limit on fund shifting absent any support for this  
14 threshold. TURN proposes that unspent and uncommitted funds automatically offset the next  
15 year's program budget through an annual Tier 1 AL, and that shifting funds from future program  
16 years be limited to ten percent unless additional notification and modifications are met.<sup>20</sup>

17 SDG&E disagrees. As explained in direct testimony, SDG&E proposes treating the ESA  
18 portfolio budget as fungible throughout the authorized program cycle. This would allow any  
19 remaining funds necessary to support Commission-approved ESA Portfolio goals to be directed  
20 where needed, while funds that are ultimately not needed may reduce or offset subsequent  
21 year(s) revenue collections.<sup>21</sup> SDG&E's funding and energy savings goals are proposed at the  
22 portfolio level for the six-year cycle, and annual spending may vary due to implementation

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<sup>19</sup> Ex SDG&E-01, at KO-19.

<sup>20</sup> Ex. TURN-01, at 38.

<sup>21</sup> Ex. SDG&E-01, at KO-23.

1 timing, customer participation levels, economic factors, and market conditions, or other  
2 unanticipated events. TURN incorrectly assumes that temporary underspending reflects a  
3 reduced need for authorized funding. Year-to-year spending fluctuations are a normal feature of  
4 a multi-year program and do not demonstrate that funds will not be required in subsequent years.  
5 Absent evidence that Commission-approved goals can be achieved with reduced funding, annual  
6 spending variances provide no reasonable basis for restricting access to previously authorized  
7 portfolio funding. SDG&E's proposed approach better balances ratepayer interest with program  
8 flexibility by allowing funds that are ultimately not needed to offset future collections while  
9 preserving the ability to use authorized funding where needed to achieve portfolio objectives  
10 over the full program cycle.

11 EEC similarly recognizes that funding needs may change based on customer demand,  
12 measure availability, technology, policy direction, emergency conditions, and actual production,  
13 and therefore supports carrying forward or shifting funds between program years when  
14 justified.<sup>22</sup> EEC also recognizes timing considerations for projects that cross program years,  
15 including complex HVAC and electrification installations.<sup>23</sup>

16 TURN does not identify an ESA-specific operational or financial analysis supporting  
17 why ten percent is the appropriate threshold.<sup>24</sup> Rather, the relevant considerations for fund  
18 shifting should depend on whether the shift remains within the Commission-authorized portfolio  
19 budget, supports authorized ESA objectives, complies with applicable spending limitations such  
20 as the ten percent administration cap, and is transparently reported.

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<sup>22</sup> EEC, *Testimony of Allan Rago* (September 14, 2026) (EEC Testimony), at 10.

<sup>23</sup> EEC Testimony, at 11.

<sup>24</sup> Ex. TURN-01, at 38.

1                   **2.     SDG&E Recommends the Commission Reject Cal Advocates' Tier 3**  
2                   **AL Proposal**

3                   Cal Advocates recommends requiring a Tier 3 AL to reduce authorized ESA budgets  
4 when spending falls below forecasted levels.<sup>25</sup> SDG&E disagrees. SDG&E's proposals already  
5 include a mechanism to adjust funding levels during the program cycle, ensuring that any  
6 authorized funds ultimately not needed to support program delivery are used to offset future  
7 collections.

8                   SDG&E proposes a Mid-Cycle Advice Letter (MCAL) adjustment process that would  
9 allow portfolio budgets to be increased or decreased by up to five percent based on actual  
10 implementation experience and updated study results.<sup>26</sup> In addition, SDG&E proposes that  
11 unspent and uncommitted funds that are ultimately not needed to achieve Commission-  
12 authorized portfolio goals be used to offset future collections.<sup>27</sup> Together, these proposals  
13 provide reasonable mechanisms to align funding with program needs and ensure that excess  
14 funds are returned to ratepayers.

15                  By contrast, Cal Advocates' proposal would impose an additional Tier 3 AL requirement  
16 whenever spending falls below forecasted levels, creating an unnecessary administrative burden  
17 without offering meaningful additional ratepayer protections. SDG&E's proposed MCAL  
18 process provides an appropriate mechanism for adjusting portfolio budgets based on actual  
19 program performance and updated information that may not have been available when initial  
20 budgets were established. By allowing funding levels to be reassessed during the program cycle,  
21 the MCAL process helps ensure that authorized funds are aligned with program needs to achieve

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<sup>25</sup> Ex. CA-01, *Opening Testimony on 2028-2033 Income-Qualified Assistance Programs* (September 14, 2026) (Ex. CA-01), at 2-3 to 2-4.

<sup>26</sup> Ex. SDG&E-01, at KO-17 to KO-19.

<sup>27</sup> *Id.*, at KO-23.

1 the Commission approved objectives, while funds ultimately determined to be unnecessary are  
2 returned to ratepayers. This balanced approach provides appropriate ratepayer protections while  
3 preserving the flexibility necessary to effectively manage the portfolio and respond to program  
4 changes without compromising program effectiveness. Therefore, Cal Advocate's proposal is  
5 unnecessary and should be rejected.

6 **C. The Commission Should Approve SDG&E's Escalation Rate Portfolio**  
7 **Budgets and Reject Additional Reporting Requirements**

8 SDG&E disagrees with Cal Advocates' proposal to reject SDG&E's three percent  
9 escalation rate for the ESA budgets for Program Years 2028 through 2033. Additionally,  
10 TURN's proposal to impose additional reporting and transparency requirements regarding the  
11 calculation and application of escalation factors for the ESA, CARE, and FERA Programs is  
12 unnecessary and burdensome.<sup>28</sup>

13 Cal Advocates proposes to apply a zero-percent escalation rate to SDG&E's ESA budgets  
14 for Program Years 2028 through 2033.<sup>29</sup> This proposal is not reasonable and does not adequately  
15 account for anticipated increases in labor, contractor, material, transportation, and other program  
16 delivery costs.

17 SDG&E's proposed three-percent escalation factor is a reasonable forecasting  
18 assumption based on long-term inflationary trends and utility-sector cost forecasts, an approach  
19 that Cal Advocates itself acknowledges is reasonable for CARE budgets.<sup>30</sup> Historical  
20 underspending for the program overall does not demonstrate that future labor, material,  
21 transportation, and contractor service costs will remain flat.

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<sup>28</sup> Ex. TURN-01, at 4.

<sup>29</sup> Ex. CA-01, at 2-4 to 2-7.

<sup>30</sup> *Id.*, at 1-4.

1           SDG&E applied the three-percent escalation factor to labor and material costs for ESA  
2 Main and the Multifamily Whole Building Program to reflect expected increases in program  
3 delivery costs.<sup>31</sup> While Cal Advocates emphasizes the cumulative effect of annual escalation,  
4 the relevant question is whether the three-percent assumption reasonably reflects expected cost  
5 increases over the program cycle.<sup>32</sup> Eliminating escalation would not eliminate those cost  
6 pressures. Instead, it would reduce the purchasing power of authorized budgets and could  
7 require reductions in program activity, customer treatments, or contractor capacity. Most  
8 importantly, eliminating an escalation rate could adversely affect contractor funding and  
9 workforce stability, creating uncertainty for the contractors responsible for delivering ESA  
10 services and limiting SDG&E's ability to achieve Commission-authorized program objectives.  
11 Moreover, the historical spending variances cited by Cal Advocates were driven by  
12 implementation-specific factors, including the ESA Main implementer transition, the  
13 development of the Southern Multifamily Whole Building Program, and pilot ramp up activities,  
14 rather than an absence of cost inflation.

15           The Commission should therefore reject Cal Advocates' proposal and adopt SDG&E's  
16 three-percent escalation as a reasonable and stable basis for forecasting future ESA program  
17 costs. Coupled with SDG&E's proposed treatment of unspent funds and MCAL adjustment  
18 mechanisms, this approach protects ratepayers while preserving the funding necessary to  
19 maintain contractor capacity and deliver ESA services.

20           While TURN does not dispute that the application of escalation to the utilities' ESA  
21 budgets is appropriate, TURN requests that the utilities produce budgets without escalation and

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<sup>31</sup> Ex. SDG&E-03, *Prepared Direct Testimony of Roland Mollen, Horace (Ty) Tantum, and Mia Graff* (January 16, 2026) (Ex. SDG&E-03), at ESA-32.

<sup>32</sup> Ex. CA-01, at 2-5.

1 isolate proposed escalation by program and cost category. TURN acknowledges, however, that  
2 the utilities' applications clearly explain that escalation reflects inflationary impacts and not other  
3 budget changes, stating that SDG&E applied a three percent escalation rate to labor and material  
4 costs, consistent with its General Rate Case, long-term inflationary trends, and utility sector  
5 forecasts.<sup>33</sup> Therefore, a non-escalated budget would not reflect the actual costs of administering  
6 the program and therefore provides limited insight into the funding levels required to serve  
7 customers. Consequently, TURN has not demonstrated that preparing additional budget  
8 presentations with and without escalation would meaningfully facilitate the Commission's review  
9 of the utilities' budget requests. Therefore, its proposal should be rejected.

10 **D. Definitional Issues and Categorical Eligibility Policy Framework**

11 **1. The Commission Should Reject Joint Advocates' Proposal to Expand**  
12 **CARE Categorical Eligibility Requirements**

13 The Joint Advocates' proposed categorical eligibility framework would extend CARE  
14 eligibility beyond the current statutory eligibility requirement provided in Public Utilities Code  
15 (P.U. Code) Section (§) 739.1(f)(1) by allowing public assistance programs to qualify for  
16 categorical eligibility by satisfying two tests: (1) an alternative income-threshold test based on  
17 income limits, enrollment demographics, administrative efficiencies, or service to hard-to-reach  
18 communities, and (2) a qualifying-unit test comparing the program's eligibility unit with a  
19 CARE household.<sup>34</sup> As detailed in SDG&E's supplemental testimony, SDG&E opposes Joint  
20 Advocates' proposal because it lacks sufficient operational details to determine whether

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<sup>33</sup> Ex. TURN-01, at 21-23.

<sup>34</sup> Joint Opening Brief on Definitional Questions by Center for Accessible Technology, The Utility Reform Network, National Consumer Law Center, and Sierra Club (Joint Advocates) (May 15, 2026), at 16-17.

1 programs satisfy CARE income eligibility, is neither operationally feasible nor verifiable, and  
2 would likely add considerable cost.<sup>35</sup>

3 **2. SDG&E and TURN Agree Categorical Eligibility Programs Should**  
4 **Be Reviewed During Each IQP Application Cycle**

5 SDG&E’s supplemental testimony proposed that the process for updating the list of  
6 categorical eligibility programs for CARE, FERA, and ESA should be done within the broader  
7 context of IQP planning and administration for the next program cycle.<sup>36</sup> Consistent with  
8 SDG&E’s recommendation, TURN states, “The Commission should review the list of  
9 categorical eligibility programs during each IQPs application cycle.”<sup>37</sup> A cycle-based review  
10 would provide an orderly process for addressing changes in public-assistance programs while  
11 avoiding the administrative costs and customer confusion associated with more frequent updates.  
12 Therefore, the Commission should approve a cycle-based review and update of the Categorical  
13 Eligibility programs.

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<sup>35</sup> Ex. SDG&E-05, *Supplemental Testimony of Vanessa Mapula Garcia* (August 10, 2026), at VG-5, VG-8, and VG-17.

<sup>36</sup> *Id.*, at VG-17.

<sup>37</sup> Ex. TURN-03, at 13.

1 **III. CARE AND FERA TESTIMONY**

2 **A. The Commission Should Reject Cal Advocates' CARE Budget Proposal**

3 Cal Advocates improperly applies the temporary bridge-year funding methodology  
4 adopted in D.26-07-007 into a long-term budget constraint for the next IQP program cycle.<sup>38</sup>  
5 The bridge-year was intended as a temporary measure to address a specific period of program  
6 administration and was not designed to dictate funding levels for future cycles. Cal Advocates is  
7 misapplying the Decision by treating a one-time funding methodology as a long-term funding  
8 constraint. Therefore, the Commission should reject Cal Advocates' proposal.

9 D.26-07-007 adopted a limited funding mechanism to maintain program continuity  
10 during the single 2027 bridge year while the Commission considered the utilities' full-cycle  
11 applications. The Commission's use of recent recorded spending, with escalation, was expressly  
12 limited to establishing funding for that temporary bridge period.<sup>39</sup> Nothing in the Decision  
13 indicates that the Commission intended prior-year recorded spending to serve as a continuing  
14 ceiling on CARE administrative funding. The bridge-year methodology was adopted for a  
15 limited purpose and should not be extrapolated into a long-term constraint on future program  
16 funding needs.

17 This proceeding presents a materially different record. The Commission must now  
18 evaluate the activities, operational requirements, policy changes, and customer-focused  
19 investments proposed for a six-year cycle.<sup>40</sup> SDG&E's forecast reflects identifiable work  
20 associated with application processing, eligibility verification, automation, digital self-service,  
21 regulatory compliance, and coordination with evolving affordability initiatives. These

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<sup>38</sup> Ex. CA-02, *Opening Testimony on 2028-2033 Income Qualified Programs* (September 14, 2026) (Ex. CA-02), at 1-11 to 1-13.

<sup>39</sup> D.26-07-007, at 6.

<sup>40</sup> April 2026 Scoping Memo, at 2-7.

1 investments support SDG&E's 90 percent CARE enrollment goal while improving customer  
2 access and strengthening program integrity.

3 Cal Advocates' methodology bypasses this analysis. It treats SDG&E's 2025 activity  
4 levels and expenditures as a proxy for future requirements and applies three percent annual  
5 escalation without examining whether workloads, systems, or regulatory obligations will remain  
6 constant.<sup>41</sup> That backward-looking benchmark should not govern this full-cycle proceeding,  
7 which requires the Commission to evaluate SDG&E's forecast based on the specific work,  
8 supported costs, and operational requirements proposed for 2028–2033.

9 Nor should prior underspending impose a permanent ceiling on reasonable future  
10 expenditures. That result would convert past efficiencies into a recurring disallowance and  
11 prevent the Commission from authorizing supported investments until after the costs have  
12 already been incurred.

13 The Commission should therefore reject Cal Advocates' proposed budget reduction and  
14 evaluate SDG&E's CARE enrollment and budget forecast on its merits. Funding should be  
15 approved where SDG&E has identified the work to be performed, reasonably estimated its cost,  
16 and demonstrated its relationship to CARE administration, customer service, or program  
17 integrity. The question is not if the 2028-2033 program cycle budget should be based on  
18 SDG&E's 2025 expenditures, but it is whether the proposed budget reasonably reflects the work  
19 required to administer CARE during the 2028–2033 program cycle.

20 **B. The Commission Should Approve SDG&E's My Energy Center Proposal**  
21 **and Funding**

22 Cal Advocates' recommendation to deny SDG&E's proposed \$895,000 My Energy  
23 Center enhancement is based on a selective reading of SDG&E's testimony and discovery

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<sup>41</sup> Ex. CA-02, at 1-11 to 1-12.

1 responses and ignores the proposal's customer and operational benefits. The proposed CARE  
2 features and functionality do not yet exist in My Energy Center. SDG&E is seeking funding to  
3 build new capabilities, not to correct a system failure or operational deficiency.<sup>42</sup> SDG&E's  
4 testimony and discovery responses explain that the new functionality would integrate CARE and  
5 FERA enrollment, recertification, and PEV documentation directly into My Energy Center.  
6 Customers would gain a seamless digital option to complete program requirements, view  
7 enrollment status, and opt in to alerts and reminders in one familiar platform. Existing channels  
8 do not provide this integrated experience.

9         The CARE My Energy Center modernization investment is a critical component of  
10 administering the CARE Program efficiently and effectively during the 2028-2033 program  
11 cycle. This investment will enhance self-service capabilities, improve program status visibility,  
12 automate reminders, streamline enrollment, recertification, and PEV compliance processes.  
13 These enhancements will reduce barriers to participation, improve retention of eligible  
14 customers, and minimize avoidable disenrollments resulting from missed recertification or PEV  
15 deadlines. SDG&E also expects the new enrollment status feature to reduce customer calls and  
16 emails asking whether an application, renewal form, or verification has been processed.<sup>43</sup>

17         The new functionality will also improve program administration. Enabling customers to  
18 submit applications and verification documents electronically through My Energy Center will  
19 help reduce manual handling, improve processing timeliness, and support SDG&E's automation

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<sup>42</sup> Ex. SDG&E-02, *Prepared Direct Testimony of Roland Mollen, Horace (Ty) Tantum, and Mia Graff* (January 16, 2026) (Ex. SDG&E-02), at CARE/FERA-11.

<sup>43</sup> Ex. CA-02-SA, *Supporting Attachments to Opening Testimony on 2028-2033 Income-Qualified Assistance Programs* (September 14, 2026), at 0739.

1 efforts.<sup>44</sup> Allowing customers to confirm enrollment status before applying again will help  
2 reduce duplicate submissions and avoid unnecessary processing costs.

3 Finally, approximately 78 percent of CARE and FERA participants already use My  
4 Energy Center, giving the proposed new functionality immediate reach through an established  
5 customer platform.<sup>45</sup> The budget request is not to repair My Energy Center, but to provide  
6 necessary enhancements to improve customer experience, customer service and administrative  
7 efficiencies that are not available today. The Commission should therefore reject Cal Advocates'  
8 mischaracterization of the record and approve this investment to modernize CARE and FERA  
9 program delivery and improve service to income-qualified customers.

10 **C. The Commission Should Approve SDG&E's Proposal to Increase the CARE**  
11 **PEV Cap from 6 Percent to Up to 20 Percent**

12 Intervening parties opposing SDG&E's requested increase to the PEV cap focus almost  
13 exclusively on potential customer burden while overlooking the Commission's equally important  
14 obligation to ensure that CARE discounts are provided only to customers who satisfy statutory  
15 eligibility requirements. Because non-participating ratepayers fund CARE discounts, program  
16 integrity is a fundamental component of affordability and prudent CARE Program  
17 administration.<sup>46</sup>

18 TURN argues that increasing verification creates unnecessary customer burden and risks  
19 the loss of benefits for eligible households.<sup>47</sup> However, TURN largely ignores record evidence  
20 showing that CARE verification requirements are not a substantial participation barrier. The  
21 Commission-sponsored *2016 Low Income Needs Assessment* (LINA) recommended "that the

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<sup>44</sup> *Id.*

<sup>45</sup> *Id.*, at 0740.

<sup>46</sup> D.21-06-015, FOF 10, at 459, Conclusions of Law (COL) 4, at 465-466.

<sup>47</sup> Ex. TURN-02, *Prepared Testimony of Sylvie Ashford* (September 14, 2026) (Ex. TURN-02), at 21-24.

1 IOUs maintain their current income verification processes, as they have not been found to be a  
2 substantial barrier to participation.”<sup>48</sup> Furthermore, SDG&E’s customer research found that 86  
3 percent of CARE customers surveyed were willing to provide eligibility documentation when  
4 requested.<sup>49</sup> Moreover, SDG&E facilitates the verification process by providing multiple  
5 verification pathways, courtesy calls, customer assistance, and ongoing process improvements to  
6 reduce customer enrollment and participation burden.<sup>50</sup>

7 Similarly, Cal Advocates contends that SDG&E has not demonstrated sufficient benefits  
8 to justify increasing the PEV cap above 6 percent.<sup>51</sup> On the contrary, in response to the April 7,  
9 2026 Scoping Memo, SDG&E quantified its proposal’s impacts and demonstrated that increased  
10 verification improves eligibility accuracy, reduces the CARE revenue requirement, and lowers  
11 costs recovered from non-participating customers in support of affordability.<sup>52</sup> SDG&E  
12 estimates that if its PEV proposal is approved, a typical non-CARE electric customer would  
13 experience an estimated bill reduction of approximately \$0.24 per month and a typical non-  
14 CARE gas customer would experience an estimated \$0.06 monthly reduction.<sup>53</sup>

15 CforAT and NCLC argue that customers who fail to respond to verification requests are  
16 not necessarily ineligible and may face language, accessibility, or other barriers.<sup>54,55</sup> SDG&E  
17 does not dispute that some customers face challenges. What intervenors fail to acknowledge,  
18 however, is that customer barriers and eligibility verification are not mutually exclusive

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<sup>48</sup> Ex. SDG&E-02, at CARE/FERA-10.

<sup>49</sup> *Id.*, at CARE/FERA-10 to CARE/FERA-11.

<sup>50</sup> *Id.*, at CARE/FERA-11 to CARE/FERA-12.

<sup>51</sup> Ex. CA-02, at 3-5 to 3-6.

<sup>52</sup> April 2026 Scoping Memo, Attachment 5 at 3.

<sup>53</sup> Ex. SDG&E-04, *Supplemental Testimony of Kazeem Omidiji* (July 10, 2026) at KO-10 to KO-14.

<sup>54</sup> CforAT, *Intervenor Testimony of Melissa W Kasnitz on Behalf of Center for Accessible Technology* (September 14, 2026) (CforAT Testimony), at 14-16.

<sup>55</sup> Ex. NCLC-01, *Prepared Testimony of Leigh Ferrin Presenting Survey Information from California Legal Services and CBOs that Serve Low-Income Clients* (September 14, 2026), at 3.

1 considerations. The appropriate response is to mitigate those barriers while maintaining  
2 verification safeguards necessary to ensure accurate program enrollment, prevent ineligible  
3 participation, and protect ratepayer funds.

4 SDG&E's proposal provides the tools necessary to verify continued eligibility while  
5 maintaining extensive outreach and customer assistance, including partnerships with  
6 approximately 200 Community-Based Organizations (CBOs) and 21 social service agencies to  
7 support customers going through the PEV process.<sup>56</sup> In addition, SDG&E's proposal does not  
8 assume non-response equals ineligibility. Customers who fail to respond to PEV requests have  
9 the ability to re-enroll in CARE by providing documentation verifying their continued eligibility,  
10 including proof of household income or proof of enrollment in a qualifying public assistance  
11 program. The Commission should require reasonable confirmation of continued eligibility for  
12 customers receiving ratepayer-funded discounts. Failing to do so risks increased CARE  
13 discounts directed to customers who do not satisfy program requirements and undermines the  
14 integrity of the CARE Program. As stated above, the Commission has recognized that PEV  
15 protects the integrity of the CARE Program by balancing eligible customer participation with the  
16 need to verify participant eligibility.<sup>57</sup>

17 Importantly, SDG&E is not proposing indiscriminate verification. SDG&E currently  
18 employs a Commission-approved probability model that identifies CARE participants who are  
19 statistically more likely to be ineligible for the program based on factors such as household  
20 energy usage, ZIP code characteristics, and other indicators.<sup>58</sup> The proposed PEV increase does  
21 not change that methodology. Instead, it allows SDG&E to apply an already functioning and

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<sup>56</sup> Ex. SDG&E-02, at CARE/FERA-14 to CARE/FERA-15.

<sup>57</sup> D.21-06-015, FOF 10 at 459, and COL 4, at 465-466.

<sup>58</sup> AL 2515-E-A/2224-G-A, approved November 20, 2013, and effective October 3, 2013.

1 targeted verification tool to a larger portion of the customer population most likely to warrant  
2 review. In other words, the model is working as designed, i.e. focuses verification efforts where  
3 the probability of ineligibility is highest, rather than broadly burdening all CARE participants.

4 Ultimately, opposing parties discuss only the risk of verifying an eligible customer while  
5 largely ignoring the equally important risk of continuing to provide CARE discounts to  
6 customers who do not qualify. CARE Program discounts, benefits and administration are funded  
7 by non-participating ratepayers.<sup>59</sup> SDG&E's proposal is a measured response that preserves  
8 customer protections, maintains enrollment at or above the Commission's goal of 90 percent  
9 enrollment, strengthens program integrity, and produces quantifiable affordability benefits for all  
10 customers.

11 The SDG&E application and testimony explained the existing 6 percent PEV cap was  
12 established based on 2011 verification activity when SDG&E's CARE enrollment remained  
13 below the Commission's 90 percent CARE enrollment goal. SDG&E explained in its testimony  
14 and response to Cal Advocates' data request, CARE enrollment has consistently been at or above  
15 100 percent, making reconsideration of the CARE PEV cap both reasonable and justified.<sup>60,61</sup>  
16 The Commission should therefore approve SDG&E's request to increase the CARE Post-  
17 Enrollment Verification cap from 6 percent to up to 20 percent.

#### 18 **D. The Commission Should Adopt a Reasonable CHANGES Budget**

19 SDG&E supports continuation of the Community Help and Awareness of Natural Gas  
20 and Electricity Services (CHANGES) Program and recognizes its distinct value to customers  
21 with Limited English Proficiency (LEP). But the record does not support the Consumer Affairs

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<sup>59</sup> D.21-06-015, at 7.

<sup>60</sup> Ex. SDG&E-02, at CARE/FERA-9 to CARE/FERA-10.

<sup>61</sup> Ex. CA-02-SA, at 0840.

1 Branch's proposed \$4.31 million annual budget, which TURN endorses, nor does it support  
2 CforAT's proposal to transform CHANGES into a broader arrearage case-management program.  
3 The Commission should adopt a measured funding level tied to demonstrated services,  
4 accountable program administration, and equitable cost allocation across the utilities funding this  
5 program.

6 The CHANGES evaluations confirm the program's value, but they also identify material  
7 accountability concerns. The 2019-2021 evaluation found that SDG&E customers funded 15  
8 percent of the statewide program while receiving only 6 percent of case-assistance services and 8  
9 percent of outreach activities.<sup>62</sup> The evaluator concluded that costs may not be fairly distributed  
10 among the utilities and recommended reevaluating the longstanding allocation formula.<sup>63</sup> The  
11 2022-2024 evaluation again showed comparatively limited activity, with only 8 percent of total  
12 cases in SDG&E's territory.<sup>64</sup>

13 This mismatch between the services provided and utility funding must be addressed  
14 before the Commission approves a substantial long-term budget increase. The 2022-2024  
15 evaluation of the CHANGES program recommended approximately \$2.6 to \$2.7 million  
16 annually for 25 CBOs.<sup>65</sup> By contrast, the Consumer Affairs Branch's \$4.31 million average  
17 annual budget proposal, a 146% increase over 2026 funding, adds seven CBOs (a 28% increase),  
18 database enhancements and maintenance, printing, education-material development, and separate

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<sup>62</sup> Opinion Dynamics, *Community Help and Awareness with Natural Gas and Electricity Services (CHANGES) Program Process Evaluation Study (2019-2021)* (May 2023), Table 40 at 69, and Appendix D at 86-104, available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/reports/cab/changes/2019-2021-evaluation-of-the-changes-program.pdf>.

<sup>63</sup> *Id.*, at 74.

<sup>64</sup> April 2026 Scoping Memo, Attachment 1, at 64.

<sup>65</sup> *Id.*, at 97.

1 evaluation funding.<sup>66</sup> These activities may warrant consideration, but they should not be treated  
2 as proven recurring costs without service-territory forecasts, measurable outcomes, cost controls,  
3 and a showing that each utility's customers will receive benefits commensurate with their  
4 funding responsibility.

5 The 2027 Bridge Funding decision illustrates this misalignment between costs and  
6 benefits. Although SDG&E's 15 percent share increased by approximately \$128,000, the record  
7 identified no additional CBOs serving SDG&E's customers, forecasted no corresponding  
8 increase in SDG&E-area case assistance, and demonstrated little to no incremental local value.

9 CforAT's proposal to transform CHANGES into a broader arrearage case-management  
10 program should likewise be rejected.<sup>67</sup> CHANGES was designed to provide culturally  
11 competent outreach, education, and individualized utility assistance to Limited English  
12 Proficiency customers.<sup>68</sup> Neither of the previous evaluations recommended converting it into a  
13 statewide arrearage case-management program for every customer with arrears over 90 days.  
14 Any broader offering should be considered separately with a defined eligible population,  
15 services, costs, funding source, performance metrics, customer protections, and coordination  
16 with LIHEAP, AMP, CARE, FERA, Medical Baseline, and utility assistance funds.

17 If the Commission nevertheless adopts a higher statewide budget, it should also expressly  
18 authorize corresponding increases to the CARE administrative budgets of all four IOUs in  
19 whatever allocation it deems appropriate. For example, if the Commission adopts a \$4.31  
20 million annual CHANGES budget and retains SDG&E's 15% allocation, it should also authorize

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<sup>66</sup> *ALJ's Ruling Responding to Procedural Email, Directing Additional Supplemental Testimony, and Adding Staff Report to Proceeding Record* (May 28, 2026) (ALJ's May 2026 Ruling), Attachment A, at 4-5.

<sup>67</sup> CforAT Testimony, at 18-19.

<sup>68</sup> D.15-12-047, at 2-3.

1 approximately \$647,000 annually within SDG&E's CARE administrative budget under the  
2 CPUC CHANGES category.<sup>69</sup> SDG&E should not be required to absorb approximately  
3 \$380,000 in additional annual CHANGES costs that it did not include in its CARE  
4 Administrative budget request. The same principle should apply to each IOU; Commission-  
5 directed statewide program increases should be matched by explicit, proportionate budget  
6 authority. Accordingly, the Commission should authorize a right-sized CHANGES budget,  
7 reevaluate the allocation formula based on actual services delivered, and require utility-territory  
8 reporting.

9 **E. The Commission Should Approve the Electric IOUs' Proposed Up To \$60**  
10 **FERA Capitation Fee**

11 Cal Advocates' reliance on historical results under the existing \$30 FERA Capitation fee  
12 does not establish that a higher fee is unwarranted. As SDG&E explained in a data request  
13 response to Cal Advocates, enrollment costs increase as participation grows because the  
14 remaining eligible households are disproportionately harder to reach and may require multiple  
15 contacts, in-language support, and targeted individualized assistance.<sup>70</sup> SDG&E's proposal is  
16 also informed by historical channel performance, CBO feedback, and market information  
17 showing that the existing fee does not adequately support sustained, high-touch enrollment  
18 assistance. The proposed up to \$60 FERA Capitation fee would help CBOs expand dedicated  
19 outreach, improve application quality, and reduce incomplete or rejected submissions.<sup>71</sup>

20 The Energy Division Staff Proposal supports the CBO engagement, targeted outreach,  
21 enrollment assistance, and measurable outcomes the increased FERA Capitation fee would

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<sup>69</sup> ALJ's May 2026 Ruling, Attachment A, at 4-5.

<sup>70</sup> Ex. CA-02-SA, at 0724 -0726.

<sup>71</sup> *Id.*

1 facilitate.<sup>72</sup> The June 1, 2026, Commission Staff FERA assessment likewise found that, despite  
2 SDG&E's reasonable efforts, its 23 percent FERA enrollment rate remained below Commission  
3 targets.<sup>73</sup> Neither document endorses the specific up to \$60 amount, but both demonstrate the  
4 need for stronger, outcome-oriented enrollment strategies.

5 Cal Advocates' ratepayer-risk argument is also overstated. Capitation is performance-  
6 based, SDG&E pays only for completed enrollments. Furthermore, all three electric IOUs  
7 propose the same up to \$60 fee, providing statewide consistency for comparable CBO services.<sup>74</sup>  
8 The Commission should therefore approve the proposed fee as a reasonable tool to support the  
9 70 percent FERA enrollment objective.

10 **F. SDG&E Recommends the Commission Provide Flexibility to Pursue a**  
11 **Standalone FERA Application**

12 TURN and Cal Advocates argue that Resolution (Res.) E-5448 rejected a standalone  
13 FERA application, and that SDG&E has not demonstrated sufficient enrollment benefits to  
14 justify its cost.<sup>75, 76</sup> This characterization is incomplete. Res. E-5448 denied incremental funding  
15 for a separate FERA application based on the business case proposed to the Commission in its  
16 AL 4646-E.<sup>77</sup> The Resolution did not prohibit future consideration of a standalone FERA  
17 application, as this would be inconsistent with the provisions of Senate Bill (SB) 1130 and P.U.  
18 Code § 739.12(d)(4).<sup>78</sup> The Resolution recognized that a standalone FERA application could  
19 reduce CARE/FERA confusion, improve customer self-selection, and help identify eligible

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<sup>72</sup> April 2026 Scoping Memo, Attachment 2, at 4-8.

<sup>73</sup> *Id.*, at 3-5.

<sup>74</sup> Ex. CA-02, at 3-2 to 3-4.

<sup>75</sup> Ex. TURN-02, at 18-20.

<sup>76</sup> Ex. CA-02, at 2-12 to 2-13.

<sup>77</sup> Res. E-5448 (February 26, 2026), at 2.

<sup>78</sup> *Id.*

1 FERA households.<sup>79</sup> If SDG&E elects to pursue a standalone application in this proceeding, it  
2 will consult with Energy Division and provide the information identified in Resolution E-5448  
3 regarding implementation, strong coordination with CARE, tracking the effort's success, and  
4 management of customer-experience concerns.<sup>80</sup> The Commission should therefore approve  
5 SDG&E's current proposal and the supporting evidence presented in this proceeding, rather than  
6 assume the earlier denial of funding in Res. E-5448 is binding for a future standalone FERA  
7 application.

8 **G. CETF's Proposed Broadband Expansion Should Be Addressed in Other**  
9 **Commission Proceedings**

10 SDG&E supports continuation of the existing broadband education and outreach  
11 activities established through the CETF Joint Stipulation as approved in D.26-07-007,  
12 Attachment 2. However, CETF's proposal to require stand-alone Direct Notifications at the  
13 utility ratepayers' expense, expand the Concurrent Application System (CAS) to non-energy  
14 programs, and promote California LifeLine and broadband offerings extends beyond the  
15 administration of CARE, FERA, and ESA programs and the scope of this proceeding, and  
16 beyond the scope of the CAS Working Group's Phase II recommendations.

17 Importantly, CETF and the Joint Utilities recently executed and supported an amended  
18 stipulation in the Bridge Funding decision that expressly limited further expansion of broadband  
19 issues in the existing Income Qualified Program (IQP) cases. The stipulation states:

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<sup>79</sup> *Id.*, at 4-8.

<sup>80</sup> *Id.*, at 6.

1 "This Joint Stipulation will remove further affordable broadband  
2 matters from this proceeding (A.19-11-003, et al.) and IOUs'  
3 respective bridge funding proceeding (A.25-06-023, A.25-06-024,  
4 A.25-06-025, et al). Any ongoing discussions regarding further  
5 affordable broadband matters should take place in other  
6 Commission broadband dockets."<sup>81</sup>

7 The Commission recently approved this negotiated agreement. CETF voluntarily agreed  
8 that broader broadband policy issues would be addressed in dedicated broadband forums rather  
9 than through CARE, FERA, and ESA proceedings, which should continue to be the approach  
10 moving forward. The 2027 stipulation already reflects a reasonable compromise. It permits  
11 limited broadband messaging integrated into existing utility communications, while expressly  
12 providing that utilities are not required to include separate or stand-alone broadband marketing  
13 materials. The stipulation further recognizes that these activities should be accomplished at  
14 minimal cost and without diluting IQP messaging. Yet CETF now seeks to expand utility  
15 obligations to include stand-alone broadband communications, telecommunications outreach,  
16 and non-energy benefit integration.

17 D.21-06-015 was explicit in its denial of expansion of these types of broadband  
18 marketing costs at the expense of utility ratepayers. It states, "Any incremental costs related to  
19 co-marketing tactics (such as standalone CETF materials, production, language translation for  
20 standalone materials, distribution, etc.) shall be funded by CETF and not funded by IOUs  
21 ratepayers, including any additional proposed co-marketing or co-promotions outside of the Joint  
22 Stipulation."<sup>82</sup> Accordingly, the Commission should continue the existing CETF outreach  
23 partnership and reject CETF's proposed expansion of broadband activities and out-of-scope CAS  
24 Phase II requirements in this proceeding. Consistent with the Joint Stipulation, issues related to

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<sup>81</sup> D.26-07-007, Attachment 2, at 7.

<sup>82</sup> D.21-06-015, at 67.

1 Direct Notification requirements, affordable broadband enrollment campaigns, California  
2 LifeLine outreach, and digital equity initiatives should be addressed in the Commission  
3 proceedings specifically established to govern broadband and telecommunications policy.

1 **IV. ESA TESTIMONY**

2 **A. ESA Program Electrification**

3 Sierra Club, TURN, and Cal Advocates all propose to incorporate electrification  
4 measures into ESA Main for the next program cycle rather than first testing them in a pilot.  
5 Each party also offers highly prescriptive implementation recommendations. SDG&E  
6 appreciates the commitment of these parties to advancing electrification but does not support  
7 their recommendations. Given the operational, customer, and policy considerations associated  
8 with integrating new electrification measures into its ESA Main, a pilot first approach is the  
9 more prudent path to evaluate effectiveness, identify implementation challenges, and ensure  
10 program resources are deployed in a manner that delivers measurable benefits to eligible  
11 customers.

12 **1. Sierra Club's Heat Pump and Pre-electrification Remediation**  
13 **Proposals are Premature and Should be Rejected**

14 Sierra Club proposes an immediate transition to heat pump technology for heating and  
15 cooling and water heating, with gas appliance replacement permitted only when electrification is  
16 infeasible. They also recommend establishing an average remediation budget of \$8,000 per  
17 home for pre-electrification work that includes remediation, minor home repairs, and auxiliary  
18 electric measures.<sup>83</sup> Additionally, within the pre-electrification work budget, they state that  
19 treatment should include roof repairs and activities for containment of asbestos, lead, and  
20 mold/moisture.<sup>84</sup>

21 Mandating an immediate transition to heat pumps would leave many households without  
22 a practical alternative and may create unintended financial consequences for vulnerable

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<sup>83</sup> Ex. SC-01, *Direct Testimony of Rebecca Barker and Chinyere Osuala on Behalf of Sierra Club on the IOUs' 2028-2033 Income-Qualified Program Applications* (September 14, 2026), at 72.

<sup>84</sup> *Id.*, at 58.

1 customers. Existing research consistently demonstrates that electrification does not guarantee  
2 bill savings. Cal Advocates pointed out that the Commission's December 2024 report on the San  
3 Joaquin Valley Electrification Pilot identified that rising electric rates cause bill increases post-  
4 electrification, therefore, electrification requires careful consideration and actions prior to scaling  
5 to all income-qualified customers.<sup>85</sup> Cal Advocates notes similar results from the Marin Clean  
6 Energy's Low-Income Families and Tenants program, stating that it found that rising electricity  
7 rates reduce bill savings from electrification, or even increase bills.<sup>86</sup> Cal Advocates further  
8 highlights the Energy Division's Energy Efficiency Natural Gas Incentive Phase-Out Staff  
9 Proposal, which estimates that the average bill would increase for CARE customers when  
10 substituting fuel for space heating, water heating, cooking and clothes drying, depending on the  
11 climate region and/or building types.<sup>87</sup> The CEC's Low-Income Residential Energy Bill Impact  
12 Analysis found that bill increases can occur in certain climate zones, particularly those with low  
13 cooling load and high heating load.<sup>88</sup> Given these findings, SDG&E believes it would be  
14 premature and potentially harmful to require electrification as the default option within ESA  
15 before gaining a more complete understanding of customer bill impacts under real-world  
16 conditions. The Commission should reject Sierra Club's proposal and authorize SDG&E's pilot  
17 to gather data on customer participation and bill impacts.

18         Additionally, Sierra Club's proposal to establish an \$8,000 average remediation budget  
19 per home based on the TECH Low-Income Leveraging Pilot is unsubstantiated and risky,

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<sup>85</sup> Ex. CA-01, at 2-9.

<sup>86</sup> *Id.*

<sup>87</sup> *Id.*

<sup>88</sup> CEC, *Low-Income Residential Energy Bill Impact Analysis: Modeling the Impact of Decarbonization Activities on Energy Bills in California* (June 2026) (CEC June 2026 Bill Impact Analysis), available at: <https://www.energy.ca.gov/sites/default/files/2026-06/CEC-300-2026-003.pdf>.

1 especially since the TECH Pilot did not serve any customers within SDG&E's territory.<sup>89</sup>  
2 Relying on the TECH Pilot data assumes that remediation needs, housing characteristics,  
3 contractor capability and installation conditions in SDG&E territory would not differ from those  
4 in other areas.

5 Furthermore, adopting an \$8,000 average per home remediation budget would increase  
6 program costs and reduce program savings, which places additional downward pressure on  
7 ESA's overall cost effectiveness. Electrification measures are among the most expensive due to  
8 the high cost of equipment and labor-intensive installation requirements. When combined with  
9 remediation, electric upgrades and auxiliary measures, the costs increase substantially without a  
10 corresponding increase in savings. Unlike traditional energy efficiency measures, electrification  
11 provides gas or therm savings, but increases electricity or kWh consumption.

12 Likewise, their proposal to combine remediation, electric upgrades and minor home  
13 repair into a single category and redefine these activities to support "electrification-enabling"  
14 work is unwarranted.<sup>90</sup> The ESA program serves broader objectives than electrification alone  
15 and is intended to address energy savings and customer hardship while considering cost-  
16 effectiveness.<sup>91</sup> Maintaining the separate categories of remediation, minor home repair and  
17 auxiliary measures, as defined in the ESA P&P Manual, preserves transparency, accountability,  
18 and program oversight while providing the IOUs the flexibility to address their unique needs.<sup>92</sup>

19 SDG&E also opposes the inclusion of roof repairs and activities for containment of  
20 asbestos, lead, and mold/moisture as program requirements at this time. Neither the prevalence

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<sup>89</sup> The Ortiz Group LLC and VEIC, *Low-Income Leveraging Pilot Final Report*, (December 15, 2025), at 13.

<sup>90</sup> Ex. SC-01, at 72.

<sup>91</sup> P.U. Code § 2790.

<sup>92</sup> ESA P&P Manual, at 35, 105 and 106.

1 of these conditions nor their associated costs have been sufficiently evaluated to justify program  
2 adoption. Additional data is needed to better understand the frequency of these conditions,  
3 quantify their potential budget impacts, and evaluate the effect on the program's cost  
4 effectiveness.

5 SDG&E opposes the incorporation of Sierra Club's proposal for remediation into ESA  
6 program planning or budget forecasts without first having more specific data. SDG&E  
7 recommends the Commission reject Sierra Club's proposal and allow SDG&E to gain a greater  
8 understanding of actual remediation needs, costs, and customer impacts through its  
9 electrification pilot.

## 10 **2. The Commission Should Reject TURN's Proposal for Mandatory** 11 **Electrification**

12 TURN argues that electrification measures should be installed if projected to reduce or  
13 maintain customer bills.<sup>93</sup> SDG&E believes requiring mandatory electrification whenever a bill  
14 impact analysis predicts bill neutrality or bill savings places excessive reliance on tools that are  
15 still under development and/or have yet to be fully validated, potentially putting customers at  
16 risk. However, SDG&E does support TURN's recommendation that the utilities coordinate on  
17 development and application of a bill impact analysis for the program cycle.<sup>94</sup>

18 The Commission has been attempting to develop a customer impact framework for  
19 several years. The Energy Division's July 2022 *Energy Efficiency Natural Gas Incentive Phase-*  
20 *Out Staff Proposal* specifically examined the issue of customer utility bill affordability under  
21 electrification<sup>95</sup>. As of the date of this filing, the Commission continues to develop and presents

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<sup>93</sup> Ex. TURN-01, at 6 and 33 – 34.

<sup>94</sup> Ex. TURN-01, at 33.

<sup>95</sup> R.25-04-010, *Energy Efficiency Natural Gas Incentive Phase-Out Staff Proposal (DRAFT)* (filed December 1, 2025), at 16 -18, available at: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M589/K479/589479620.PDF>.

1 the Customer Electrification Estimator on its website as "Coming Soon."<sup>96</sup> The Commission's  
2 continued development highlights the complexity of accurately forecasting customer bill  
3 impacts.

4 According to the Energy & Environmental Economics (E3) 2019 Study *Residential*  
5 *Building Electrification in California*, the primary factors that determine bill savings are (1) the  
6 efficiency of the unit compared to its gas counterpart, (2) total household energy consumption,  
7 and (3) electricity rates.<sup>97</sup> The equipment efficiency standard is a relatively fixed characteristic,  
8 but both customer energy usage and electricity rates are dynamic variables that can change  
9 substantially over time. As a result, projected bill impacts may differ considerably from actual  
10 customer experience.

11 The CEC *June 2026 Bill Impact Analysis* also stated, "These results are based on  
12 computer modeling, which uses assumptions about energy use and has limitations when  
13 considering specific homes. This modeling cannot account for all the variations in weather,  
14 building characteristics, existing building systems, and occupant behavior."<sup>98</sup> SDG&E  
15 recognizes that bill impact modeling can be a useful planning tool, but modeled results are  
16 directional indicators, not evidence of actual customer outcomes. The CEC bill impact analysis  
17 confirms the results show general trends based on modeled home energy for different scenarios  
18 in all California climate zones and are not meant to predict the bill impact of individual homes  
19 based only on location. Furthermore, the modeling represents specific scenarios rather than a

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<sup>96</sup> See CPUC, Customer Electrification Estimator, *available at*: <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/demand-side-management/energy-efficiency/fuel-substitution-bill-impact-calculator>

<sup>97</sup> Energy and Environmental Economics, Inc., *Residential Building Electrification in California* (April 2019) (E3 April 2019 Report), at 57, *available at*: [https://www.ethree.com/wp-content/uploads/2019/04/E3\\_Residential\\_Building\\_Electrification\\_in\\_California\\_April\\_2019.pdf](https://www.ethree.com/wp-content/uploads/2019/04/E3_Residential_Building_Electrification_in_California_April_2019.pdf).

<sup>98</sup> CEC June 2026 Bill Impact Analysis, at 1.

1 probabilistic forecast for the housing population in California.<sup>99</sup> Computer modeling uses  
2 assumptions about energy use and has limitations when considering specific homes. It cannot  
3 account for all variations in weather, building characteristics, existing building systems, and  
4 occupant behavior.<sup>100</sup>

5 As a result, SDG&E does not support mandatory electrification for customers based on  
6 modeled bill impact results. The Commission should reject this proposal and continue with the  
7 ESA program's longstanding practice of preserving customer choice. Customers should have the  
8 discretion to accept the measures that best meet their household needs, preferences, and risk  
9 tolerance, regardless of the outcome of the modeled bill impact analysis. SDG&E believes the  
10 bill impact analysis is an important customer education and decision-making component when a  
11 customer is considering electrification and concurs with its inclusion in the Electrification Policy  
12 section of the current ESA P&P Manual.<sup>101</sup>

13 However, SDG&E supports TURN's recommendation for coordination among the IOUs  
14 regarding the development of bill-impact methodologies and tools but emphasizes that flexibility  
15 must be maintained to account for differences in service territories, customer characteristics,  
16 climate conditions, rate structures, and program implementation approaches.

### 17 **3. TURN Mischaracterizes SDG&E's Proposed Funding for Gas Space** 18 **and Water Heating Measures**

19 TURN misstates SDG&E's proposed budgets for gas-burning space heating and  
20 conventional water heating measures during PY 2030–2033.<sup>102</sup> SDG&E does not intend to taper

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<sup>99</sup> CEC June 2026 Bill Impact Analysis, at 2.

<sup>100</sup> *Id.*, at 1.

<sup>101</sup> CPUC, *Statewide Energy Savings Assistance Program 2021-2026 Cycle Policy and Procedures Manual (v1.6)* (revised June 30, 2026), Attachment G, at 87, available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/consumer-support/documents/20260630-statewide-esa-program-pp-manualv16.pdf>.

<sup>102</sup> Ex. TURN-01, Table 3 and Table 4, at 17.

1 investments in these measures for ESA Main and MFWB during the 2028-2033 program cycle,  
2 thereby ensuring eligible customers continue to have a viable option for restoring essential  
3 heating services when equipment fails. As presented in SDG&E's Application (A.) 26-01-010  
4 Attachment G, Planning Tables A-1 and A-1a, the proposed measure allocation budgets maintain  
5 a consistent level of investment in gas furnace replacement and gas water heating measures  
6 across both programs throughout the entire 2028-2033 cycle. TURN's characterization that  
7 SDG&E proposes to phase down spending on these measures is incorrect.

8 **4. The Commission Should Reject Cal Advocates' Proposal to Prioritize**  
9 **Electrification Through Furnace Replacements, Though SDG&E**  
10 **Supports Targeting Homes with High Cooling Usage**

11 Cal Advocates proposes IOUs prioritize electrifying gas furnaces installed before 1992 or  
12 less than 78 percent annual fuel utilization efficient (AFUE) and target homes with high cooling  
13 usage.<sup>103</sup> SDG&E disagrees with Cal Advocates proposal to prioritize electrifying gas furnaces  
14 but supports targeting homes with high cooling loads.

15 SDG&E believes prioritizing homes with a specific furnace type or efficiency rating  
16 presents significant implementation challenges. Utilities generally do not possess detailed  
17 information regarding furnace age or AFUE ratings for homes. Identifying homes with these  
18 specific furnaces would require substantial upfront research, customer outreach, assumptions,  
19 and field verification, significantly increasing administrative burden and program costs. Even if  
20 potentially eligible homes can be identified, actual customer participation is uncertain, and the  
21 benefits of replacing a specific furnace with an electrification alternative for SDG&E customers  
22 are unproven. The TECH Initiative Baseline Market Assessment found that ongoing operating  
23 costs and potential utility bill savings are among the most important factors for customers when

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<sup>103</sup> Ex. CA-01, at 2-10 to 2-12.

1 considering replacing heating and cooling equipment.<sup>104</sup> Consistent with this finding, the TECH  
2 Clean California Best Practices Draft Report, emphasizes that “since energy bills take up a larger  
3 proportion of the income of low-to-moderate income (LMI) customers, programs focused on  
4 energy affordability should prioritize LMI customers and ensure they see real savings.”<sup>105</sup>  
5 Accordingly, SDG&E is not in favor of full deployment in ESA Main until more customer  
6 experience and bill impact data can be collected and evaluated. The Commission should  
7 authorize this evaluation within SDG&E’s pilot. Furthermore, the Commission should reject Cal  
8 Advocates’ proposal for specific furnace replacements until it is proven beneficial.

9 Targeting specific homes for electrification based on high cooling usage is incorporated  
10 into SDG&E’s pilot proposal for evaluation since most SDG&E customers reside in mild  
11 weather Climate Zones 7 and 10, where cooling loads are generally low, as discussed in A.26-  
12 01-010.<sup>106</sup> This approach is consistent with prior studies, such as the *Residential Building*  
13 *Electrification in California*, which found homes with the highest cooling loads are most likely  
14 to have the biggest bill savings.<sup>107</sup> The TECH Clean California Best Practices Draft Report  
15 supports the finding that the greatest bill savings opportunities were concentrated among those  
16 customers with high summer cooling bills.<sup>108</sup> The CEC’s Bill Impact Analysis also found high  
17 energy bill savings are achieved with space-cooling efficiencies in high-cooling-load climate  
18 zones, while low energy bill savings and, in some cases, bill increases occur in climate zones  
19 with low cooling load and high heating load.<sup>109</sup> Although SDG&E supports targeting homes

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<sup>104</sup> Opinion Dynamics, *TECH Initiative Baseline Market Assessment* (October 3, 2022).

<sup>105</sup> R.19-01-011, Energy Solutions and Opinion Dynamics, *TECH Clean California Best Practices Draft Report* (filed March 20, 2026) (Best Practices Draft Report), at 21, available at: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M602/K997/602997593.PDF>.

<sup>106</sup> Ex. SDG&E-03, at ESA-105.

<sup>107</sup> E3 April 2019 Report, at 89.

<sup>108</sup> Best Practices Draft Report, at 22.

<sup>109</sup> CEC June 2026 Bill Impact Analysis, at ii.

1 with high cooling usage, the Commission should ensure that electrification measures are  
2 informed by individual customer bill analysis before establishing replacement priorities.

3 **5. The Commission Should Reject Cal Advocates' Proposal for a**  
4 **Limited Time Bill Neutrality Guarantee**

5 Cal Advocates recommend the IOUs guarantee post-treatment bill neutrality for 12  
6 months after electrifying heating or cooling systems.<sup>110</sup> SDG&E does not agree with Cal  
7 Advocates' proposal.

8 SDG&E does not believe a 12-month post-treatment bill guarantee is an effective or  
9 sustainable solution to address customer concerns. Such a guarantee implies a level of certainty  
10 that does not exist. Actual energy consumption is influenced by numerous variables outside of a  
11 utility's control, including household size, occupancy patterns, weather conditions, customer  
12 behavior, comfort preferences, and equipment operation. Electricity rates are also dynamic and  
13 may change during the guarantee period due to utility rate adjustments or fluctuations in the  
14 timing and level of consumption in the household.

15 A 12-month guarantee merely postpones the issue rather than resolving it. Once the  
16 guarantee expires, the customer remains subject to the same uncertainty regarding consumption  
17 and rates. While customer education, including energy management guidance and bill impact  
18 analysis, can help customers make informed decisions, neither the utility nor the customer can  
19 fully control future electric rates or actual household energy consumption.

20 Implementing such a guarantee would also impose substantial administrative burden and  
21 costs. Utilities would be required to monitor and analyze customer bills, calculate any  
22 reimbursement amounts, reconcile variances, manage customer inquiries, resolve billing  
23 disputes, and administer ongoing compliance and reporting requirements. These additional costs

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<sup>110</sup> Ex. CA-01, at 2-12.

1 would need to be forecasted and accounted for in program budgets, program's cost-effectiveness,  
2 and impacts to non-participating ratepayers.

3 Rather than creating an expensive and administratively complex bill-guarantee  
4 mechanism, SDG&E believes resources would be better invested in more thoughtful customer  
5 screening, robust bill impact analysis, customer education, and a measured pilot approach that  
6 generates real-world data on customer outcomes. The Commission should thus reject Cal  
7 Advocates' proposal for a bill guarantee.

8 **B. The Commission Should Reject the Parties' Claims of Sufficient Experience**  
9 **from Prior Efforts and Approve SDG&E's Electrification Pilot.**

10 TURN, Sierra Club, and Cal Advocates are opposed to SDG&E's electrification pilot.  
11 They generally argue that sufficient experience already exists from prior electrification efforts  
12 and regulatory processes to support broader deployment of electrification, including fuel-  
13 switching measures through SDG&E's ESA Main program.<sup>111</sup> TURN recommends SDG&E rely  
14 on lessons learned from programs with PG&E and SCE.<sup>112</sup>

15 The ESA P&P Manual explains that fuel-switching measures may be authorized by the  
16 Commission, and D.21-06-015 approved specific fuel-switching measures for SCE while  
17 allowing all IOUs to propose new measures through the ESA Measure Offering Proposal  
18 process. However, the existence of a regulatory pathway does not resolve the significant policy,  
19 operational, and customer-impact questions associated with broader deployment of such  
20 measures in SDG&E's territory. And while SDG&E recognizes the value of those experiences  
21 from other utilities' electrification efforts, they do not eliminate the need to evaluate the impacts  
22 from electrification within SDG&E's own service territory.

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<sup>111</sup> *Id.*, at 2-50 to 2-53.

<sup>112</sup> Ex. TURN-01, at 42.

1           SDG&E’s pilot will help to determine whether results and lessons from other IOU  
2 territories can be replicated under SDG&E-specific conditions, rather than assuming they will  
3 produce the same results. The pilot is a necessary step to understanding how SDG&E’s ESA  
4 electrification offerings can be cost effective for the program and beneficial to participating  
5 households. The pilot’s primary objective is to evaluate whether electrification measures can  
6 deliver bill neutrality or bill savings for participating households, while also identifying  
7 conditions under which electrification may increase customer costs or create other hardships.<sup>113</sup>  
8 As noted in TECH’s Best Practices Draft Report, low-income customers in hot climate zones  
9 stand to benefit the most from building decarbonization.<sup>114</sup> However, most SDG&E customers  
10 reside in mild weather climate zones where electrification may yield different customer bill  
11 outcomes.

12           Additionally, the SDG&E’s pilot will generate insights regarding bill analysis  
13 methodologies, remediation requirements, cost-effectiveness, contractor readiness, workforce  
14 training needs, and the scalability of program delivery specifically for SDG&E. These  
15 considerations cannot be resolved based solely on experiences of other utilities. The differences  
16 in operating environments, including customer populations, housing stock, climate zones, market  
17 conditions, and program structures limit the transferability and drive the variation in ESA  
18 measure mixes, costs, and administrative and implementation challenges across IOU programs.  
19 Accordingly, SDG&E proposes a measured approach to evaluating electrification within its own  
20 service territory before pursuing broader deployment.

21           Sierra Club criticizes SDG&E’s proposed test-and-learn approach as unnecessarily  
22 cautious, and argues that previous experience from programs such as TECH, MCE, San Joaquin

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<sup>113</sup> Ex. SDG&E-03, at ESA 88 – 89.

<sup>114</sup> Best Practices Draft Report at 37.

1 Valley (SVJ) pilots, and Peninsula Clean Energy and initiatives such as CEC Low-income Bill  
2 Impact Analysis, have already demonstrated that many low-income households can electrify  
3 without experiencing adverse bill impacts.<sup>115</sup> SDG&E does not dispute the fact that the studies  
4 show low-income households can electrify without adverse bill impacts, but to suggest the data  
5 is conclusive and/or applicable to SDG&E's territory is unrealistic. TECH's Best Practices  
6 Report explains the numbers should be used to understand general directionality of outcomes and  
7 not be treated as a static value proposition. It further states that future analyses will incorporate  
8 updated meter and rates data and will more accurately reflect the present moment.<sup>116</sup> Moreover,  
9 TECH's report is a synthesis document of work done mostly outside of SDG&E's territory,  
10 which makes direct extrapolation uncertain. It is not a study establishing cost, remediation  
11 needs, participation rates, or bill impacts that will occur in SDG&E's territory.

12 Sierra Club also include the Peninsula Clean Energy (PCE) Pilot Case Study and the PCE  
13 Single Family Bill Impact Study. PCE included only nine homes in San Mateo County, which is  
14 hardly enough to justify any conclusions with respect to SDG&E's territory.<sup>117</sup> Further, the PCE  
15 Single Family Bill Impact Study was based on median household customer data in Climate Zone  
16 4 and represents energy usage for a single-family home of approximately 1,830 square feet.<sup>118</sup>  
17 Climate Zone 4 has a moderate inland climate with warm, dry summers and cool winters, which  
18 is unlike SDG&E's milder coastal conditions in Climate Zone 7 and the hotter, drier conditions

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<sup>115</sup> Ex. SC-01, at 75 – 76.

<sup>116</sup> Best Practices Draft Report, at 17.

<sup>117</sup> Peninsula Case Energy, *Case Study of Whole-Home Electrification at Nine Low-Income Homes in San Mateo County* (January 2026), at 1, available at: <https://library.peninsulacleanenergy.com/m/24e2e90876980d43/original/Case-Study-of-Whole-Home-Electrification-in-San-Mateo-County.pdf>.

<sup>118</sup> Silicon Valley Clean Energy and Peninsula Clean Energy, *Bill Impacts of Decarbonizing Existing Single Family Homes*, (September 2023), at 4, available at: <https://www.svcleanenergy.org/wp-content/uploads/SVCE-PCE-Single-Family-On-Bill-Impacts-Results-2023.pdf>.

1 of Climate Zone 10.<sup>119</sup> This study thus can help provide direction, but not conclusions, for  
2 SDG&E. Similarly, the results from the CEC's Low-Income Bill Impact analysis are based on  
3 computer modeling, which uses assumptions about energy use and has limitations when  
4 considering specific homes. This modeling cannot account for all the variations in weather,  
5 building characteristics, existing building systems, and occupant behavior.<sup>120</sup>

6 Interestingly, Cal Advocates provided additional citations from some of the same studies  
7 in their testimony that are contrary to Sierra Club's assertions. Cal Advocates referenced MCE's  
8 program and the finding that rising electricity rates reduce bill savings from electrification or  
9 even increase bills.<sup>121</sup> They also called out that the Commission's December 2024 report on the  
10 San Joaquin Valley electrification pilot identifies that rising electric rates cause bill increases  
11 post- electrification.<sup>122</sup> Additionally, they mention the Energy Division's Energy Efficiency  
12 Natural Gas Incentive Phase-Out Staff Proposal estimates that the average bill would increase for  
13 CARE customers when substituting fuel for space heating, water heating, cooking, and clothes  
14 drying, depending on the climate region and/or building types.<sup>123</sup>

15 SDG&E's proposed electrification pilot is not unnecessarily cautious as Sierra Club  
16 claims; rather it is intentional in size and scope. The pilot's purpose is to identify the conditions  
17 under which electrification delivers positive outcomes for SDG&E's most vulnerable customers.  
18 It represents prudent risk management by creating an opportunity to test assumptions, refine  
19 participant screening and targeting criteria, and address unforeseen issues before committing

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<sup>119</sup> Pacific Energy Center, *Guide to California Climate Zones*, (October 2006), available at:  
[https://files.cpuc.ca.gov/pg&e20150130responsetoa1312012ruling/2013/07/SB\\_GT&S\\_0882437.pdf](https://files.cpuc.ca.gov/pg&e20150130responsetoa1312012ruling/2013/07/SB_GT&S_0882437.pdf).

<sup>120</sup> CEC June 2026 Analysis, at 1.

<sup>121</sup> Ex. CA-01, at 2-9.

<sup>122</sup> *Id.*

<sup>123</sup> *Id.*

1 funds to full deployment. Without this information, the SDG&E’s ESA Main program would  
2 not be able to accurately forecast electrification measure installations and costs.

3 This prudent approach is supported by the fact that other California organizations are  
4 modifying their adoption timelines for electrification and providing exemptions. The Sierra Club  
5 itself references how the California Air Resources Board (CARB) revised their 2030 zero-  
6 emission standard for space and water heater sales based on feedback from environmental justice  
7 organizations regarding potential economic equity impacts. The concerns stemmed from the  
8 barriers these communities face when electrifying and how households could be impacted  
9 negatively.<sup>124</sup>

10 Sierra Club also referenced the Bay Area Air District (BAAD) proposed “flexibility  
11 amendments” in the form of broad exemptions to ease compliance burdens regarding their 2027  
12 zero-emissions standard for water heater sales. BAAD is exempting broad swaths of  
13 properties.<sup>125</sup> Additionally, The South Coast Air Quality Management District (SCAQMD) was  
14 referenced since they rejected a zero-emissions standard for furnaces and water heaters, citing  
15 concerns about customer affordability of heat pump technologies and grid reliability.<sup>126</sup>

16 SDG&E believes the pilot is the best way to validate customer eligibility criteria, bill  
17 analysis methodologies, remediation requirements, and contractor capabilities, and to better  
18 understand the conditions that may lead to negative or unfavorable customer outcomes. This is  
19 especially important since ESA customers generally have the least financial flexibility to absorb  
20 unexpected energy bill increases, equipment performance issues, or housing-related  
21 complications.

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<sup>124</sup> Ex. SC-01, at 21 – 22.

<sup>125</sup> *Id.*, at 23.

<sup>126</sup> *Id.*

1 Cal Advocates argues that the pilot does not introduce a new delivery method or  
2 measures that are not available in other pilots and programs.<sup>127</sup> However, SDG&E contends  
3 there is insufficient information regarding outcomes for SDG&E's ESA customers, climate zones  
4 or specific operational considerations. The pilot is intended to identify and assess real-world  
5 implementation challenges, including the need for remediation work, expanded contractor  
6 responsibilities, panel and service upgrades, and other electric infrastructure requirements that  
7 may be necessary.<sup>128</sup>

8 Cal Advocates also argues that SDG&E's pilot would be duplicative of SCE's Building  
9 Electrification (BE) pilot, and offered many of the same electrification measures, as well as  
10 measures from ESA Main.<sup>129</sup> However, the BE pilot included only a few measures from ESA  
11 Main, as evidenced in their measure lists from ESA Table 2 and BE Table 2C in monthly reports.  
12 SDG&E, by contrast, is proposing to make all measures available through ESA Main accessible  
13 to pilot participants to help maximize household energy savings and manage overall bill impacts.  
14 For example, if a customer elects to install a heat pump HVAC system but prefers to retain a gas  
15 water heater, the customer may be offered faucet aerators and low-flow showerheads to achieve  
16 therm savings, which can help offset increased utility costs associated with the electrification  
17 measure. This is just one hypothetical example of the types of customer-specific measure  
18 combinations that may be evaluated through the pilot. To participate in the pilot, a customer  
19 must be eligible for one or more of the electrification measures offered.<sup>130</sup> The pilot is intended  
20 to gather valuable data and real-world insights into customer preferences, measure installation,  
21 participation behavior, and bill impacts.

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<sup>127</sup> Ex. CA-01, at 2-50 and 2-51.

<sup>128</sup> Ex. SDG&E-03, at ESA-89.

<sup>129</sup> Ex. CA-01, at 2-50.

<sup>130</sup> Ex. SDG&E-03, at ESA-91.

1 Cal Advocates also claims that the electrification pilot be duplicative of SDG&E's  
2 experience with the Pilot Plus Pilot Deep (PPPD) program as Cal Advocates claims.<sup>131</sup>  
3 SDG&E's PPPD program offers electrification measures, but actual installations have been very  
4 limited since electrification was not the program's priority. The objective was to achieve high  
5 levels of individual household energy savings, between 5 to 15% for Pilot Plus and 15 to 50% for  
6 Pilot Deep.<sup>132</sup> While electrification measures reduce therms, they increase kWh consumption  
7 and could possibly prevent a household from achieving the high level of savings.

8 Cal Advocates' claim of the proposed pilot's duplication with the California Energy  
9 Commission's Equitable Building Decarbonization (EBD) program is likewise unfounded.<sup>133</sup>  
10 While this program has similar objectives and includes community focus areas within SDG&E's  
11 service territory, the scale of deployment in SDG&E territory remains uncertain. Publicly  
12 available program materials do not establish a target number of households to be served in San  
13 Diego County, and the Southern California program budget is shared across six counties:  
14 Imperial, Los Angeles, Orange, Riverside, San Bernardino, and San Diego. The program relies  
15 on a finite sum of state and federal funding, and the Southern California administrator's grant  
16 agreement currently extends only through November 2029.<sup>134</sup> SDG&E has been actively  
17 engaged with EBD program administrators regarding potential partnership opportunities and  
18 intends to leverage insights and lessons learned from the EBD program activities, where  
19 applicable.

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<sup>131</sup> Ex. CA-01, at 2-50 to 2-51.

<sup>132</sup> D.21-06-015, at Attachment 2 at 1.

<sup>133</sup> Ex. CA-01, at 2-50 and 2-51.

<sup>134</sup> CEC Proposed Resolution No. 24-1113-08c, at 3, *available at*:  
<https://www.energy.ca.gov/filebrowser/download/6726?fid=6726>.

1 Cal Advocates further contends that SDG&E does not need a pilot to test fuel switching  
2 and instead can include it directly in ESA Main.<sup>135</sup> SDG&E does not support widespread  
3 deployment of fuel switching measures in the ESA Main program before conducting adequate  
4 due diligence and before the Commission resolves the outstanding policy issues associated with  
5 measure classification, savings attribution, cost-effectiveness, and benefit accounting. SDG&E  
6 noted that the San Joaquin Valley Pilot, which focused on rural communities lacking access to  
7 natural gas service, demonstrated that fuel switching and electrification measures can increase  
8 customer energy bills and thus require careful consideration and actions prior to scaling to all  
9 income qualified customers.<sup>136</sup> SDG&E asserts that expanding such measure offerings without  
10 first understanding programmatic, operational, and customer bill impacts would be premature.

11 SDG&E recognizes other programs and pilot efforts have demonstrated electrification  
12 can be successfully deployed in certain circumstances, but they do not provide sufficient  
13 evidence or data specifically for SDG&E's ESA customer population. SDG&E urges the  
14 Commission to adopt its electrification pilot which presents a measured approach to  
15 electrification as proposed in its application.

16 **C. The Commission Should Reject Cal Advocates' Proposal to Reduce SDG&E**  
17 **ESA Budget to 2025 Program Levels**

18 Cal Advocates states that SDG&E's proposed ESA budget is approximately 39 percent  
19 higher than actual 2025 spending while forecasted savings remain generally consistent with 2025  
20 actual savings. Based on this comparison, Cal Advocates recommends that the Commission  
21 reduce SDG&E's proposed ESA budget and savings goals to 2025 actual levels.<sup>137</sup>

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<sup>135</sup> Ex. CA-01, at 2-51.

<sup>136</sup> Ex. SDG&E-03, at ESA-87.

<sup>137</sup> Ex. CA-01, at 2-47 to 2-49.

1           The Commission should reject Cal Advocates' recommendation to utilize SDG&E's ESA  
2 2025 actual spending and savings for the 2028-2033 program cycle. Cal Advocates' proposal  
3 improperly assumes that future program budgets and savings goals should be based primarily on  
4 a single historical year of program performance rather than the proposed portfolio design,  
5 planning assumptions, treatment targets, measure forecasts, and program enhancements included  
6 in SDG&E's 2028-2033 Application.

7           The proposed portfolio includes expanded fuel substitution activities, remediation  
8 funding, enhanced outreach and engagement efforts, NGAT activities, engineering and  
9 information technology support, and implementation of the proposed locally administered  
10 MFWB model. Several of these activities either did not exist or were not fully implemented in  
11 2025. Additionally, electrification and fuel substitution measures are generally more expensive  
12 to deploy than traditional energy efficiency measures and reduce net portfolio energy savings  
13 because they increase electricity consumption while reducing natural gas consumption.  
14 Similarly, remediation activities are necessary to enable certain projects but do not directly  
15 generate energy savings. As a result, comparing proposed budgets and savings to a single  
16 historical year without considering changes in program design, measure mix, and  
17 implementation requirements does not provide an accurate basis for evaluating the  
18 reasonableness of SDG&E's proposed budgets or savings goals.

19           Cal Advocates incorrectly assumes that 2025 spending and performance are  
20 representative of the proposed 2028-2033 portfolio. They are not. The proposed portfolio is  
21 different, and implementation challenges continued to impact budget spend in 2025. While  
22 SDG&E anticipated the portfolio would be approaching steady-state operations in 2025,  
23 SDG&E's 2025 Annual Report documented continued implementation challenges that affected

1 program delivery, spending, and treatment activity across both ESA Main and the Multifamily  
2 Whole Building (MFWB) Program. The MFWB operations were significantly impacted by  
3 system configuration issues, invoicing delays, contractor payment challenges, and other  
4 operational constraints that limited production and project throughput. ESA Main experienced  
5 lower-than-forecast participation due to contractor staffing challenges and higher rates of no-  
6 shows during both scheduled visits and general canvassing efforts.

7 During 2026, SDG&E has experienced improved system stability, reduced operational  
8 disruptions, and improved program performance as many of the 2025 issues have been addressed  
9 through system enhancements, process improvements, contractor support activities, and lessons  
10 learned. As a result of these improvements, SDG&E is on track to expend approximately 85  
11 percent of its authorized 2026 ESA portfolio budget, which is the highest annual expenditure  
12 level of the current program cycle. Through September 2026, budget expenditures are 17  
13 percent higher than the same period in 2025, which confirms the corrective actions and  
14 operational improvements implemented by SDG&E have materially strengthened program  
15 execution and budget utilization.<sup>138</sup> Additionally, SDG&E expects the proposed locally  
16 administered MFWB model in the next cycle to simplify several operational, administrative, and  
17 reporting requirements that contributed to challenges under the Southern Regional MFWB  
18 Program, thereby facilitating more timely and effective utilization of program funds.

19 SDG&E's proposed 2028-2033 ESA portfolio is not a continuation of the current-cycle  
20 portfolio. The proposed portfolio includes a different program design, revised measure forecasts,  
21 expanded fuel substitution activities, remediation funding, local administration of the MFWB  
22 Program, NGAT activities, enhanced outreach and engagement strategies, and additional

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<sup>138</sup> See *SDG&E Monthly Reports*, available at: <https://liob.cpuc.ca.gov/monthly-reports/>.

1 engineering and information technology support. As a result, the assumptions, treatment  
2 forecasts, and resource needs supporting the proposed 2028-2033 portfolio differ materially from  
3 those that existed in 2025.

4 At the time of this testimony, SDG&E anticipates utilizing most of its authorized 2026  
5 budget. This further demonstrates that 2025 spending levels were influenced by program-  
6 specific implementation challenges rather than representing a stable funding level or mature  
7 operating baseline for future cycles. While SDG&E expects all programs to encounter  
8 implementation challenges, it does not expect these specific issues to occur at the same scale in  
9 the proposed 2028-2033 cycle. Accordingly, 2025 should not be viewed as representative of a  
10 fully mature operating year for purposes of establishing future budgets and savings goals.

11 As previously explained in response to Cal Advocates, SDG&E quantified the primary  
12 drivers of the proposed 2028-2033 budget increase for the ESA portfolio budget.<sup>139</sup> The budgets  
13 reflect an approximately 11 percent increase over the current cycle, equivalent to approximately  
14 \$19.9 million. SDG&E quantified the primary drivers of this increase as follows:

- 15 • Measure and installation costs, approximately \$5.0 million: Reflects anticipated  
16 increases in equipment, materials, labor, and installation costs and supports  
17 delivery of the proposed measure mix and treatment forecasts;
- 18 • NGAT, approximately \$5.1 million: Supports required natural gas appliance  
19 safety testing associated with qualifying ESA treatments and aligns NGAT costs  
20 with projected treatment volumes and program delivery;
- 21 • Enhanced program delivery strategies, approximately \$2.0 million: Supports  
22 enrollment, property-owner engagement, implementation coordination, quality  
23 assurance, customer service, data analysis, and reporting used to monitor  
24 performance and adjust delivery strategies.
- 25 • Engineering and IT, approximately \$5.7 million: Supports measure workpapers,  
26 savings analyses and forecasting, reporting, system administration, maintenance,

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<sup>139</sup> SDG&E Response to Cal Advocates Data Request CalAdv-PWL-SDGE-2026-08, Questions 1.g and 2.a.

and other technical resources necessary to administer the portfolio and address lessons learned from current-cycle system challenges.

- Expanded outreach and engagement, approximately \$1.2 million: Supports targeted customer outreach, community engagement, property-owner participation, and collaboration with community-based organizations and Tribal leaders to increase participation among eligible and underserved households.
- Labor-related costs, approximately \$0.9 million: Supports program management, contract administration, policy and compliance activities, stakeholder and IOU coordination, and other portfolio oversight responsibilities.

These investments were intentionally incorporated into the proposed portfolio because they are necessary to support the treatment targets, savings forecasts, customer objectives, and program delivery strategy. They are not separate from the proposed outcomes; rather, they represent the operational, technical, and customer-engagement activities necessary to achieve the savings goals. Cal Advocates' analysis focuses primarily on a comparison of spending and annual energy savings while overlooking significant portfolio investments that support customer enrollment, treatment delivery, fuel substitution, remediation, NGAT, engineering support, information technology enhancements, and other activities necessary to achieve the proposed program objectives.

Cal Advocates' recommendation would effectively reduce annual portfolio funding from the proposed average annual budget of approximately \$32.5 million to 2025 actual spending levels of approximately \$23.2 million. Such a reduction would require SDG&E to reevaluate the proposed portfolio design, planning assumptions, treatment targets, savings forecasts, and program enhancements included in the Application.

Per SDG&E's Application, the proposed portfolio is expected to treat approximately 11 percent more households, deliver approximately 19 percent more CAM projects, achieve approximately 7 percent more kWh savings, and achieve approximately 2 percent more Therm savings than actual 2025 performance. In addition, Cal Advocates' recommendation would

1 significantly constrain SDG&E's ability to expand fuel substitution activities, provide  
2 remediation funding, implement NGAT activities, enhance outreach and engagement efforts, and  
3 support the engineering and information technology necessary to administer the portfolio  
4 effectively. Ultimately, energy savings would decline, and fall below 2025 levels, as increasing  
5 labor and material costs during the 2028-2033 cycle would erode the purchasing power of a  
6 budget held at 2025 funding levels. The number of measures that could be installed would  
7 shrink. Consequently, the 2025 level of funding would yield even lower energy savings.

8 Finally, Cal Advocates' comparison does not account for forecasted increases in  
9 contractor labor, material, installation, transportation, and program delivery costs reflected in  
10 SDG&E's planning assumptions. Reducing funding to 2025 spending levels could create  
11 contractor compensation constraints and limit the ability to attract, retain, and adequately support  
12 qualified implementers, contractors, and subcontractors. This could affect program ramp-up  
13 activities, customer treatment volumes, fuel substitution deployment, and SDG&E's ability to  
14 achieve proposed treatment targets, savings forecasts, and customer objectives throughout the  
15 2028-2033 cycle. These activities reflect lessons learned from the current cycle and are intended  
16 to improve program delivery and customer outcomes during the 2028-2033 cycle. Therefore, the  
17 Commission reject proposal to reduce ESA program budgets and savings to 2025 actual levels.

18 **D. EEC's Recommendation for a Separate Marketing and Outreach Budget is**  
19 **Unnecessary and Should be Rejected**

20 EEC recommends that the Commission establish dedicated marketing and outreach  
21 funding for ESA contractors to support customer acquisition and program participation efforts.<sup>140</sup>

22 SDG&E does not support establishing a separate marketing and outreach funding  
23 allocation exclusively for ESA contractors. Under SDG&E's implementation model, SDG&E

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<sup>140</sup> EEC Testimony, at 15.

1 serves as the Program Administrator and works in partnership with its third-party implementer to  
2 develop and execute outreach, marketing, and customer engagement strategies. Together,  
3 SDG&E and the implementer are responsible for program awareness, customer acquisition,  
4 community engagement, and participation efforts. The implementer may also utilize  
5 subcontractors, as appropriate, to support program delivery and outreach activities.

6 As described in SDG&E's application, outreach and engagement activities include  
7 customer education, customer acquisition, property owner engagement, community outreach,  
8 enrollment support, and other participation-related activities necessary to connect eligible  
9 customers and properties with program services. This allows SDG&E and its implementer to  
10 coordinate outreach activities, maintain consistent program messaging, leverage each  
11 organization's strengths, and target resources where they are expected to have the greatest  
12 impact. In addition, outreach and marketing activities are subject to SDG&E review and  
13 approval to ensure consistency with program objectives, regulatory requirements, and customer  
14 communication standards. These activities are funded through SDG&E's proposed portfolio and  
15 administered jointly by SDG&E and the implementer.

16 EEC has not demonstrated that establishing separate marketing budgets for individual  
17 contractors would improve customer participation, reduce program costs, or produce better  
18 customer outcomes than the outreach structure already proposed by SDG&E. Providing  
19 dedicated marketing funds directly to individual contractors could result in duplicative outreach  
20 efforts, inconsistent customer messaging, and reduced oversight of marketing expenditures.

21 Contractor-specific outreach and customer acquisition needs are more appropriately  
22 evaluated through the solicitation and contract negotiation process, where outreach expectations,  
23 performance requirements, and compensation can be tailored to program needs. The

1 Commission should reject EEC's proposal and continue to allow SDG&E flexibility to  
2 administer outreach and marketing activities through its current program delivery model.

3 **E. The Commission Should Reject EEC's Proposal to Adopt SoCalGas's**  
4 **WE&T Model for all Utilities**

5 EEC recommends that the Commission adopt the basic structure of SoCalGas's proposed  
6 Workforce Education and Training (WE&T) model and require each IOU to establish a  
7 dedicated budget allocation to reimburse contractors for training and onboarding activities.<sup>141</sup>

8 The Commission should reject EEC's proposal a standardized model for all the utilities.  
9 EEC has not demonstrated that a standardized reimbursement framework is necessary, nor has it  
10 shown that imposing a prescribed budget structure across utilities would improve workforce  
11 outcomes, program performance, or cost-effectiveness. On the other hand, SDG&E proposes to  
12 negotiate compensation for WE&T activities through its contracts and supplement contractor  
13 training efforts through a dedicated Training Center budget. SDG&E's proposed approach  
14 supports workforce development while preserving the flexibility needed to address contractor-  
15 specific circumstances. This approach recognizes that workforce development needs vary  
16 substantially based on a contractor's experience, workforce capabilities, existing training  
17 infrastructure, and scope of work. This is consistent with the LIOB Recommendations included  
18 in the April 2026 Scoping Memo for 2028-2033 Income-Qualified Programs which stated the  
19 development of a training system must include employers (contractors) in the design and  
20 implementation of a more effective WE&T.<sup>142</sup>

21 SDG&E believes contractor workforce development needs are more appropriately  
22 evaluated through the competitive solicitation process, which allows SDG&E to assess each

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<sup>141</sup> *Id.*, at 8.

<sup>142</sup> April 2026 Scoping Memo, Attachment 4, at 3.

1 bidder's qualifications, workforce experience, training programs, and proposed workforce  
2 development activities. Contractors can then incorporate anticipated training and onboarding  
3 costs into their bids, allowing utilities to evaluate those costs in the context of overall value,  
4 performance, and program objectives.

5 Because workforce development requirements differ significantly among contractors, a  
6 one-size-fits-all reimbursement structure is unnecessary and potentially counterproductive. The  
7 Commission should reject EEC's proposal and allow utilities the flexibility to implement  
8 contractor specific WE&T strategies that effectively support workforce development while  
9 ensuring prudent stewardship of ratepayer funds.

10 **F. The Commission Should Reject EEC's Contractor Payment Proposal**

11 EEC recommends that the Commission clarify its existing policy to have the 30-day  
12 payment period begins when a contractor submits a complete job package and require utilities  
13 and program administrators to determine within that same 30-day period whether satisfactory  
14 completion has occurred.<sup>143</sup> EEC's proposal should be rejected because it effectively redefines  
15 the Commission's existing payment standard and imposes a prescriptive statewide review  
16 timeline that does not account for operational realities.

17 SDG&E agrees that contractors should be paid promptly following satisfactory  
18 completion of work. However, EEC's proposal would fundamentally alter the Commission's  
19 existing policy by requiring utilities and program administrators to determine whether  
20 satisfactory completion has occurred within a fixed 30-day period beginning upon submission of  
21 a contractor's job package. This approach assumes that all submitted packages are complete,

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<sup>143</sup> EEC Testimony, at 13.

1 accurate, and supported by sufficient documentation for review upon receipt, which is not always  
2 the case.

3         The determination of satisfactory completion often requires verification of work  
4 performed, validation of supporting documentation, resolution of discrepancies, and, in some  
5 instances, requests for additional information from contractors. The time required for these  
6 activities can vary depending on program requirements, project complexity, and the quality and  
7 completeness of the submitted materials. A utility cannot reasonably determine whether work  
8 has been satisfactorily completed until it has received all information necessary to conduct that  
9 review.

10         Approval of EEC's proposal could create pressure to approve invoices before adequate  
11 validation is completed or result in disputes regarding whether a submission was sufficiently  
12 complete to start the review period. The existing framework appropriately balances the objective  
13 of timely contractor payment with the need to verify satisfactory completion of work and ensure  
14 that ratepayer funds are disbursed only after contractual requirements have been met. Therefore,  
15 SDG&E recommends the Commission reject EEC's proposal.

16         **G.         The Commission Should Reject Cal Advocates' Proposal to Shift Certain**  
17         **ESA Measures to a No-Cost Online Marketplace**

18         Cal Advocates recommends that the Commission require utilities to transition certain  
19 ESA Program measures from a direct-install delivery model to a no-cost online marketplace  
20 model, asserting that doing so would "help ESA become more cost efficient, allow more  
21 customers to participate in ESA, increase the energy savings potential of the ESA portfolio, and  
22 consequently improve the health, safety, and comfort of more low-income customers."<sup>144</sup>

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<sup>144</sup> Ex. CA-01, at 3-12.

1 Cal Advocates' proposal provides no cost analysis, business case, or evaluation  
2 demonstrating that such a change would improve customer experience, reduce program costs or  
3 improve program performance. In fact, a marketplace model would likely introduce new costs  
4 associated with platform administration, customer support, measure fulfillment, shipping,  
5 tracking, participant education, and verification activities. Without quantifying these costs or  
6 evaluating their effect on participation, energy savings, and cost-effectiveness, Cal Advocates  
7 has provided no basis for the Commission to conclude that its proposal would deliver greater  
8 value to ratepayers than the existing direct-install approach. Nor does Cal Advocates address the  
9 significant implementation, verification, and equity concerns that would result from replacing a  
10 proven direct-install delivery approach with a self-service model.

11 Cal Advocates cites the 2013 LINA finding that some non-participants had trust issues,  
12 difficulty keeping appointments, or concerns about letting someone into their home and suggests  
13 that an online marketplace would address these barriers.<sup>145</sup> The barriers identified in the study  
14 relate to customer trust and scheduling challenges, not a preference for self-service options.<sup>146</sup>  
15 Cal Advocates' solution of an on-line retail marketplace was not evaluated by the LINA study  
16 and did not recommend a marketplace as a solution. To address the identified barriers, SDG&E  
17 has implemented strategies such as reducing the number of in-home visits, improving outreach  
18 strategies, and streamlining service delivery. As a result, the existence of these barriers does not  
19 demonstrate that installation services are unwanted, nor does it show that an online marketplace  
20 would be more effective in overcoming them.

21 The ESA Program is intentionally designed as a direct-install program that delivers  
22 verified energy savings and important health, comfort, and safety benefits to vulnerable

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<sup>145</sup> *Id.*, at 3-5.

<sup>146</sup> CPUC, *2013 Low Income Needs Assessment Final Report, Vol. 1* at 3-14.

1 households. Measures such as LEDs, Tier 2 Advanced Power Strips, and air purifiers are  
2 relatively low-cost measures delivered in high volumes and contribute significantly to SDG&E's  
3 2028-2033 full cycle application energy savings and cost-effectiveness proposal. These  
4 measures are efficiently installed during in-home assessments or in conjunction with other ESA  
5 services, allowing the program to achieve verified savings while ensuring participants receive the  
6 full value of the measures.

7         Additionally, Cal Advocates assumes, without evidence, that customers would actively  
8 utilize an online marketplace to obtain these measures. SDG&E's experience indicates  
9 otherwise. Customers do not generally enroll in ESA to receive basic measures alone. As  
10 discussed in SDG&E's Application, customers at-large enroll in ESA Plus in order to access  
11 more comprehensive energy-efficiency services and higher-impact measures that require  
12 professional installation and technical assistance.<sup>147</sup> Accordingly, there is little basis to conclude  
13 that an online marketplace would generate meaningful participation among income-qualified  
14 customers or expand access to ESA services.

15         Cal Advocates' proposal also fails to address a fundamental program requirement:  
16 installation oversight. Under the current direct-install model, utilities maintain critical checks  
17 and balances that ensure measures are installed correctly, meet program specifications, and  
18 operate as intended before claiming associated energy savings. These controls provide  
19 accountability for ratepayer-funded programs, support quality assurance efforts, and  
20 allow the Commission to have confidence that reported savings are real, measurable, and  
21 verifiable. An online marketplace would largely eliminate these safeguards and replace it with

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<sup>147</sup> Ex. SDG&E-03, at ESA-63.

1 customer self-installation, creating substantial uncertainty regarding measure installation  
2 standards and savings realization.

3 For example, Tier 2 Advanced Power Strips must be installed in accordance with specific  
4 program requirements, including connecting a television as the primary controlled device and at  
5 least one qualifying peripheral device to the switched outlets. There is no practical or cost-  
6 effective way to ensure that customers comply with these requirements under a self-install  
7 model. Without verification, the Commission cannot reasonably assume that projected energy  
8 savings will be achieved.

9 The proposal is also misaligned with the needs of the population ESA is intended to  
10 serve. Many ESA participants face barriers that make an online marketplace an ineffective  
11 delivery channel, including limited internet access, limited computer literacy, discomfort with  
12 online transactions, physical limitations, and language barriers. Moreover, even seemingly  
13 simple self-installation activities, such as replacing light bulbs or installing advanced power  
14 strips, may be difficult or unsafe for some customers with physical limitations.

15 Cal Advocates offers no evidence that these barriers can be overcome, nor does it explain  
16 how an online marketplace would better serve vulnerable households than the existing direct-  
17 install model. The proposal would effectively replace verified installations with unverified self-  
18 installation, introduce new barriers for vulnerable customers, and jeopardize the energy savings  
19 that currently contribute to ESA's performance. Absent compelling evidence that the proposed  
20 approach would improve program outcomes, the Commission should reject Cal Advocates'  
21 recommendation and continue to support the direct-install delivery model that has consistently  
22 produced verified savings and meaningful benefits for ESA participants.

1           **H.     The Commission Should Reject Sierra Club’s Proposal to Expand Access to**  
2           **Air Purifiers as a Basic Tier Measure**

3           Sierra Club recommends expanding access to air purifiers to need state segments that  
4 correspond with higher respiratory health risk and to make them a Basic Tier offering that does  
5 not require a Property Owner Authorization (POA) form.<sup>148</sup>

6           The air purifier measure is currently offered as part of the Plus Tier in SDG&E’s ESA  
7 program and is available for customers on Medical Baseline rates or in Disadvantaged  
8 Communities or in California Air Resource Board ‘Community Air Protection Program’  
9 neighborhoods. The Plus Tier measures are subject to income verification, but only measures  
10 involving dwelling modifications or grounding require a POA; air purifiers do not.<sup>149</sup> Access  
11 and eligibility have not been an issue for SDG&E. In fact, SDG&E’s ESA Main implementer  
12 found that customers at-large were willing to provide eligibility documentation to access the  
13 more comprehensive measures in the Plus Tier.<sup>150</sup>

14           For the next program cycle, SDG&E has proposed replacing the current air purifier  
15 measure, which is categorized as HCS and does not provide energy savings, with a new air  
16 cleaner measure that includes kWh savings. The savings are attributable to the requirement that  
17 the new air cleaner replace an existing less-efficient unit. This measure change was intentionally  
18 made to improve the ESA program’s projected savings and cost-effectiveness in light of several  
19 program challenges, including limited energy savings opportunities due to the mild climate,  
20 increased electrification measures in MFWB that reduce therm savings while increasing kWh  
21 usage, and rising labor, material, and remediation costs. The updated air cleaner measure helps  
22 offset these challenges and supports the program’s savings and cost effectiveness goals.

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<sup>148</sup> Ex. SC-01, at 99 – 100.

<sup>149</sup> D.21-06-015, OP 54, at 483.

<sup>150</sup> Ex. SDG&E-03, at ESA-60.

1 Therefore, SDG&E does not support Sierra Club's recommendation to classify the  
2 existing Air Purifier measure as a Basic Tier measure. Doing so would increase program costs  
3 without providing additional energy savings, reduce overall program cost-effectiveness, and may  
4 require revisions to measure forecasts, treatment assumptions, and budget allocations across the  
5 portfolio. Sierra Club's proposal is more appropriately addressed through the Measure  
6 Modification Protocol set forth in the ESA P&P Manual, which requires the utilities to evaluate  
7 the potential impacts of the proposed modification on program budgets, savings goals, and cost-  
8 effectiveness prior to approval and implementation.<sup>151</sup> Accordingly, the Commission should  
9 reject Sierra Club's recommendation absent the ability for each utility to conduct the appropriate  
10 review and analysis required under the established Measure Modification Protocol.

11 **I. ESA Cost Effectiveness and Fixed Rate Contracts**

12 **1. The Commission Should Reject Cal Advocates' Requirement for**  
13 **SDG&E to Improve ESA Cost Effectiveness**

14 Cal Advocates urges the Commission to require SDG&E and SCE to improve their ESA  
15 cost effectiveness, stating that PG&E and SoCalGas demonstrate that higher ESACET scores are  
16 achievable.<sup>152</sup> The Commission should reject Cal Advocates' recommendations. It is  
17 unreasonable to compare SDG&E's ESACET score to PG&E and SoCalGas. The other utilities  
18 have different customer populations, housing stock, climate zones, market conditions, and  
19 program structures, in addition to different cost levels, measure mixes, and measure savings  
20 values.

21 The majority of SDG&E's income-qualified customers reside within climate zones 7 and  
22 10, which experience milder weather compared to other regions across the state. These milder

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<sup>151</sup> ESA P&P Manual, at 33-34.

<sup>152</sup> Ex. CA-01, at 3-2, and 3-3.

1 conditions reduce the effectiveness of weatherization and HVAC measures, thereby limiting the  
2 ability to achieve net cost-effective energy benefits.<sup>153</sup>

3 Additionally, individual measure savings values from workpapers and the Impact  
4 Evaluation Study results tend to be different for all the utilities. Measure workpapers are specific  
5 to climate zones, housing types, and heating and cooling equipment. The Impact Study has  
6 savings values that incorporate household energy consumption behaviors, specific to the IOUs'  
7 territory and customer base.

8 While all IOUs are obligated to consider the 0.7 program threshold guideline in  
9 development of their ESA programs, the ability to achieve the threshold is unique to each IOU.  
10 In general, to increase program cost-effectiveness, an IOU must attempt to reduce costs and  
11 increase savings. For SDG&E, reducing measure cost would mean fewer of the more expensive  
12 and impactful measures, such as heating and cooling measures or electrification measures, and  
13 more of the lower cost, less impactful measures, like faucet aerators and efficient showerheads.  
14 Additionally, HCS measures would need to be removed or limited in number since they add cost  
15 to the program but do not provide savings. Redesigning the program with a focus solely on cost-  
16 effectiveness would disregard the other statutory mandates of reducing energy consumption and  
17 alleviating energy-related hardships.<sup>154</sup>

18 SDG&E considered overall program and measure level cost effectiveness scores when  
19 designing its ESA program for the next cycle, as is required during planning. D.21-06-015  
20 required the IOUs to use an average portfolio level ESACET score of 0.7 as a guideline when  
21 developing their ESA portfolio measure mix.<sup>155</sup> However, utilizing only a cost effectiveness

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<sup>153</sup> Ex. SDG&E-03, at ESA-03, ESA-11, and ESA-17.

<sup>154</sup> P.U. Code §§ 382(e) and 2790(c).

<sup>155</sup> D.21-06-015, OPs 83, 84 at 491, and OP 59 at 484.

metric for including measures in the program reduces the overall benefits and value for individual customers. Both cost effectiveness and the reduction of energy-related hardship are statutory considerations for the ESA Program.<sup>156</sup> Balancing the two, rather than prioritizing one at the expense of the other, is essential to achieving the mission of the ESA program.

SDG&E supports having cost effectiveness guidelines to hold utilities accountable for the responsible use of ratepayer funds, but prioritizing cost effectiveness can compromise the ESA program's ability to alleviate hardships for vulnerable households and address the customer needs holistically. As stated in its application, SDG&E continues to work diligently to find ways to improve cost effectiveness. The PY 2028-2033 ESACET scores, as shown in Table 22: Cost Effectiveness Levels at ESA-102, trend higher than the previous cycle due to a revised measure mix, limits on some measure installation quantities, and the new measure savings methodology.<sup>157</sup> The Commission should reject Cal Advocates' request for SDG&E to further improve cost effectiveness.

## **2. Cal Advocates' Proposal to Implement Fixed Rate Contracts is Impractical and Should be Rejected**

Cal Advocates recommends the Commission require utilities to negotiate fixed rate contracts to ensure ratepayer funds are prudently spent and eliminate moral hazards of measure cost inflation. It further states that the Commission should order the utilities to exclude guaranteed profits provision in utility contracts.<sup>158</sup> SDG&E disagrees, as a mandated contracting structure would limit utilities' ability to negotiate arrangements tailored to local labor and material markets, contractor availability, and program delivery needs.

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<sup>156</sup> P.U. Code § 2790(a).

<sup>157</sup> Ex. SDG&E-03, at ESA-100 – ESA-101.

<sup>158</sup> Ex. CA-01, at 3-12.

1           The Commission has acknowledged that ESA contractors are the backbone of the  
2 program and contribute largely to its success.<sup>159</sup> The Commission also wants to ensure fair  
3 compensation for these employees.<sup>160</sup> Additionally, the IOUs are required to ensure there are  
4 additional workforce development opportunities and hiring within local communities,  
5 specifically in DACs.<sup>161</sup> SDG&E's ESA program supports these objectives through workforce  
6 education and training, local hiring, and career development opportunities within the  
7 communities it serves. The LIOB Recommendations support the use of market data to ensure  
8 compensation for third-party services is reasonable and fairly negotiated. They also suggest  
9 exploring a unique set of contractors and service providers for Tribal and hard-to-reach  
10 communities, including potentially higher contractor incentives. They emphasize maintaining  
11 competitive wages and benefits is critical to retaining a trained ESA workforce and avoiding  
12 workforce attrition, particularly where specialized skills and community-based relationships are  
13 essential to program delivery.<sup>162</sup>

14           Insisting on a rigid fixed-price structure could directly conflict with these workforce  
15 development and community benefits objectives. Contractors facing escalating costs during a  
16 six-year cycle with no ability to adjust pricing may be forced to limit wage growth, reduce  
17 investments, scale back local hiring efforts, or avoid expanding operations in disadvantaged  
18 communities where recruitment and training efforts can require additional resources.

19           A six-year fixed-price commitment for measure cost and/or delivery is both unreasonable  
20 and impractical. Long-term fixed pricing does not account for significant market uncertainties  
21 and cost pressures that contractors cannot control. During the current program cycle, contractors

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<sup>159</sup> D.21-06-015, at 284.

<sup>160</sup> *Id.*, at 288.

<sup>161</sup> *Id.*, at 409.

<sup>162</sup> April 2026 Scoping Memo, Attachment 4, at 2-3.

1 experienced substantial increases in material, equipment, transportation, and labor costs,  
2 including tariff-driven price increases and volatility in fuel markets. Requiring contractors to  
3 absorb these risks for six years without an opportunity to justify pricing updates would likely  
4 discourage participation and reduce bidder interest. It would also encourage bidders to  
5 incorporate contingency costs into their initial bids to hedge against future cost increases and  
6 uncertainties, resulting in higher costs to the program from the outset.

7         SDG&E believes that incorporating reasonable pricing flexibility into contracts is  
8 therefore essential not only to maintaining a competitive and qualified contractor marketplace,  
9 but also to ensuring cost-effective program implementation and advancing the workforce  
10 development and community investment goals that are fundamental to the ESA program. The  
11 Commission should reject Cal Advocates' recommendation to reduce the costs of ESA measure  
12 delivery with fixed rate contracts.

13         **J.         LA County Has Not Established a Compelling Need for an ESA Pilot**

14         SDG&E does not support LA County's proposed ESA pilot.<sup>163</sup> LA County has not  
15 established a track record demonstrating its ability to deliver ESA services more effectively or  
16 efficiently than the utility-administered model. LA County's assertion that it can deliver superior  
17 results for ESA multifamily remains hypothetical as the proposal itself is structured as a pilot to  
18 test whether alternative delivery approaches can produce benefits. The IOUs have already  
19 identified the underlying delivery challenges and developed a path to address them through the  
20 return to local utility administration, drawing on their prior direct implementation experience,  
21 including leveraging their own SPOC services as well as established relationships with CBOs  
22 and property owners. Accordingly, LA County's proposed pilot is unnecessary and redundant.

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<sup>163</sup> LA County, *Intervenor Testimony of the County of Los Angeles in the Consolidated 2028-2033 Income-Qualified Programs Proceeding* (September 14, 2026), at 18-19.

1           Moreover, introducing another program administrator would likely increase customer  
2 confusion in a marketplace that already includes multiple programs offering similar services,  
3 including SoCalREN and EBD. It could also intensify competition for a limited pool of  
4 experienced and qualified contractors, further straining workforce resources that are already in  
5 short supply. Therefore, SDG&E recommends the Commission reject LA County's pilot  
6 proposal.

7           This concludes SDG&E's prepared rebuttal testimony.

1 **V. WITNESS QUALIFICATIONS**

2 **A. STATEMENT OF QUALIFICATIONS-Alexandria Moffat**

3 My name is Alexandria Moffat. I am the Director of Clean Transportation and Customer  
4 Programs at SDG&E. My business address is 8335 Century Park Court, San Diego, California  
5 92123-1257. In my current position, I am responsible for leading the team who manages and  
6 administers the income-qualified programs, consisting of the ESA, CARE, and FERA programs  
7 for SDG&E. The purpose of my direct testimony is to sponsor and testify to SDG&E's PY  
8 2028-2033 policy change recommendations for the ESA, CARE, and FERA programs. I hold a  
9 Bachelor of Arts degree in Environmental Studies from the University of Southern California. I  
10 joined SDG&E in 2007 as a Contracting Agent. Since then, I have held different positions with  
11 different levels of responsibility including Category Manager, Portfolio Manager, Supply Chain  
12 Policy & Integration Manager, Technology, Integration and Policy Solutions Manager, and  
13 Manager of Business Services. Starting in 2022, I served as Director of Clean Transportation for  
14 four years before assuming expanded responsibility for Customer Programs as part of a recent  
15 organizational realignment. I have not previously testified before this Commission.

16 **B. STATEMENT OF QUALIFICATIONS-David Hueser**

17 My name is David Hueser. My business address is 8335 Century Park Court, San Diego,  
18 California 92123-1257. I am employed by SDG&E as Senior Supervisor, Project and Program  
19 Management in Clean Transportation and Customer Programs. In my current position, I oversee  
20 rate discount program portfolio planning, budgets, resource allocation, operations, strategic  
21 initiatives, and improvements. I joined SDG&E in 2022 as Policy and Support Supervisor and  
22 assumed my current position in 2024. The purpose of my testimony is to sponsor and testify to  
23 the substance of the proposed operations and budget requests for the CARE and FERA  
24 Programs. Before SDG&E, I spent twelve years at Xcel Energy managing or supervising energy

1 efficiency, demand response, community partnerships, and income-qualified programs across  
2 multiple states. My responsibilities included program design and implementation, regulatory  
3 filings, strategic planning, budgeting, forecasting, vendor oversight, evaluation, and stakeholder  
4 engagement. I also served on Minnesota and Colorado advisory boards advancing income-  
5 qualified energy efficiency and rate assistance, including appointments by the Colorado  
6 Governor and Denver Mayor. I hold an MBA from the University of Colorado and a BA from  
7 Old Dominion University. I have not previously testified before the California Public Utilities  
8 Commission.

9 **C. STATEMENT OF QUALIFICATIONS-Lulu Vizcarra**

10 My name is Lulu Vizcarra. I am a Senior Supervisor, Project & Program Management,  
11 in Customer Programs at San Diego Gas & Electric Company (SDG&E). My business address is  
12 8330 Century Park Court, San Diego, California 92123.

13 I hold a Bachelor's degree from California State University, Fullerton and have more than  
14 fifteen years of management and supervisory experience in utility operations, customer  
15 assistance programs, customer service, regulatory compliance, collections, financial oversight,  
16 and workforce development. I currently serve as Senior Supervisor, Project & Program  
17 Management for SDG&E's Customer Programs organization, where I oversee operational  
18 activities supporting the Energy Savings Assistance Program and other customer assistance  
19 initiatives.

20 Since joining SDG&E in 2022, I have been responsible for the administration and  
21 operational oversight of income-qualified customer programs. My responsibilities include  
22 program implementation, contractor oversight, budget management, performance monitoring,  
23 support policy development, customer experience improvements, and regulatory compliance.

1 From 2022 through 2024, I also provided leadership oversight for CARE, FERA, Medical  
2 Baseline, Neighbor-to-Nighbor, and LIHEAP programs.

3 Prior to joining SDG&E, I served as General Superintendent of Customer Service for  
4 Imperial Irrigation District (IID), where I directed customer service, billing, collections, payment  
5 processing, call center operations, and low-income assistance programs. I previously held  
6 positions as Collections Officer and Supervisor of Customer Assistance Programs at IID,  
7 managing customer assistance initiatives, revenue recovery operations, public benefit program  
8 budgets, and operational performance programs.

9 Before entering the utility industry, I worked for the California Department of Tax and  
10 Fee Administration as a Business Tax Representative, where I administered compliance and  
11 enforcement activities and assisted businesses with regulatory requirements.

12 The purpose of my direct testimony is to sponsor and testify to SDG&E's Program Years  
13 (PY) 2028-2033 program operations for the ESA Program.

14 I have not previously testified before this Commission.