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Witness: O. Verduzco

PREPARED DIRECT TESTIMONY OF
OCTAVIO VERDUZCO
ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

June 27, 2025

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1 **PREPARED DIRECT TESTIMONY OF OCTAVIO VERDUZCO**

2 **1. EXECUTIVE SUMMARY**

3 The purpose of this testimony is to present Southern California Gas Company’s
4 (“SoCalGas”) proposed California Alternate Rates for Energy (“CARE”) and Energy Savings
5 Assistance (“ESA”) Program bridge funding application for Program Year (“PY”) 2027
6 (“Application”). SoCalGas recognizes the important role that the CARE, Family Electric Rate
7 Assistance (“FERA”), and ESA Program continue to play in the lives of low-income
8 Californians and communities. Consistent with California Public Utilities Commission
9 (“Commission” or “CPUC”) Decision (“D.”) 21-06-015 that authorized budgets for CARE,
10 FERA and ESA Program for the 2021-2026 program cycle, this testimony provides the
11 calculations and explanations regarding SoCalGas’s bridge funding request to extend the
12 approved PY 2026 CARE and ESA Program budgets for PY 2027 that will cover January 1,
13 2027 through December 31, 2027.

14 In D.21-06-015, the Commission established the goals, directives, budgets and program
15 funding levels for the current CARE, FERA, and ESA Program cycle for PYs 2021-2026.
16 However, the Commission did not specifically address the timing or requirements for the
17 Investor-Owned Utilities (“IOUs”)—namely, Pacific Gas and Electric Company (“PG&E”),
18 Southern California Edison Company (“SCE”), San Diego Gas & Electric Company
19 (“SDG&E”), and SoCalGas—filing their low-income programs applications post-2026. The
20 Commission’s Energy Division (“ED”) issued informal guidance and provided an outline for
21 suggested content for the next low-income programs application and a pathway for bridge
22 funding.¹ With ED’s input, the IOUs agreed each to file a (1) bridge funding application, and
23 (2) full program cycle application. This approach is intended to (a) provide continuity in program
24 funding and operations, (b) provide time to receive and incorporate stakeholder feedback into the
25 Full Program Application, and (c) allow for sufficient time for the Commission to review and
26 issue a timely decision on the full program application. The IOUs also consulted with ED to
27 restructure the ED Staff Guidance to IOUs on ESA/CARE/FERA/CAS (“Guidance Document”)
28 and obtained input from ED staff regarding application filing dates. The Guidance Document

¹ On October 31, 2024, ED issued an informal guidance document to the IOUs in preparation for the next ESA/CARE/FERA application proceeding and program cycle.

1 provides the IOUs direction on the structure and other aspects of both the bridge funding and full
2 program applications. Following this communication, the IOUs communicated the revised
3 Guidance Document and the anticipated filing deadlines for the respective applications to the
4 service list.²

5 SoCalGas hereby submits this testimony in support of its Application requesting approval
6 of SoCalGas's Bridge Funding proposal for CARE and ESA Program for PY 2027. The IOUs
7 expect to file a subsequent low-income programs application for PYs 2028-2033 in Q4 2025. In
8 this testimony SoCalGas requests the following:

- 9 1. Approval of its PY 2027 CARE and ESA Program plans and forecasted
10 administrative costs;
- 11 2. Authorization to implement the CARE and ESA Program activities as described
12 in this testimony and summarized in the Conclusion;
- 13 3. Authorization to continue to shift funds in the same manner as approved in D.21-
14 06-015;
- 15 4. Authorization to utilize unspent funds from PY 2021 – PY 2026 that were
16 previously authorized for Pilot Plus/ Deep to alleviate cost pressures in ESA
17 Main that are the result of the proposed increases in tariffs; and
- 18 5. Authorization to carry over funds from the current PY 2021-2026 cycle to
19 conduct ESA Program Impact and Process Evaluations during PY 2027.

20 **2. JUSTIFICATION FOR REQUESTED 2027 BRIDGE FUNDING PROPOSAL**

21 Consistent with D.21-06-015, SoCalGas provides the following testimony detailing its
22 PY 2027 bridge funding request for CARE and ESA Program budgets. SoCalGas's proposal and
23 bridge funding request will allow for the continuation of the CARE and ESA Programs.

24 SoCalGas will continue its commitment to provide programs and services designed to
25 meet the needs of its low-income, hard-to-reach and disadvantaged communities as well as those
26 with limited English proficiency ("LEP"), who may benefit from SoCalGas's Customer
27 Assistance programs.³ SoCalGas's proposal is consistent with prior years in that it seeks

² On February 21, 2025, PG&E on behalf of the IOUs notified all parties on the Application ("A.") 19-11-003 service list, provided an update regarding the upcoming application process and timeline.

³ SoCalGas interchangeably refers to its ESA and CARE Programs as its Customer Assistance Programs.

1 approval for funding necessary for serving the existing customer base and maintaining or
2 exceeding the 90% program participation goal so that all willing and eligible customers are
3 enrolled in the CARE Program.

4 **3. CARE**

5 **3.1. CARE Background and Purpose**

6 The CARE Program was originally established in 1989 through California Senate Bill
7 (“SB”) 739 to provide low-income customers with a discount on their utility bills. To qualify,
8 customers needed to meet the program’s income guidelines and provide up front proof of their
9 household’s income. In addition, those who are eligible and are approved within 90 days of
10 starting new natural gas service also receive a discount on SoCalGas’s Service Establishment
11 Charge (“SEC”). On January 1, 2014, Assembly Bill (“AB”) 327 became effective, repealing the
12 electric discount rate and increasing it to between 30% and 35%; the low-income discount rate
13 for natural gas utility customers is still set at 20%.

14 The CARE Program is funded through a Public Purpose Program (“PPP”) surcharge paid
15 through non-participating customers’ energy bills. Initially, the program was referred to as the
16 Low-Income Rate Payers Assistance (“LIRA”) Program; the program name was later changed to
17 CARE in 1994. The program initially offered customers a 15% discount on their utility bills.
18 However, in D.01-06-010, the discount was increased to 20% and income eligibility changed
19 from 150% to 175% of the Federal Poverty Guidelines (“FPG”). D.05-10-044 approved the
20 revision of the CARE income eligibility guidelines from 175% to 200% of the FPG.

21 In 2025, SoCalGas has over 1.7 million CARE households through 5.8 million residential
22 meters in more than 530 communities. SoCalGas’s service territory encompasses approximately
23 23,000 square miles in diverse terrain throughout Central and Southern California, from Visalia
24 to the Mexican border.

25 The following provides a brief summary of several key CPUC decisions that provided
26 foundational direction for CARE’s authorized funding and goals. For a comprehensive list of
27 CPUC decisions, please refer to Attachment E.

D.01-06-010	The discount increased from 15% to 20% and changed the income eligibility criteria from 150% to 175% of FPG.
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D.05-10-044	Approved various new initiatives for low-income programs during the winter of 2005-2006 (“Winter Initiative”). One of the major changes adopted by the Commission was the revision of the CARE income eligibility guidelines from 175% to 200% of the FPG.
D.06-12-038	Adopted the utilities’ program plans and budgets for PY 2007-2008 and also authorized them to implement the following program changes: 1) categorical eligibility, which permitted customers to qualify for CARE based on their participation in certain state or federal public assistance programs; 2) four-year recertification for low- income customers on a fixed income; 3) a process to enroll certain prospective CARE-qualified households by telephone; 4) a process to allow customers to recertify their CARE eligibility through its Interactive Voice Recognition (“IVR”) system; and, 5) internet-based CARE enrollment and recertification.
D.08-11-031	Set a 90% CARE penetration goal for IOUs and recognized the difficulty of reaching a 100% penetration goal for CARE.
Resolution CSID-004	Approved a pilot program, The Community Help and Awareness with Natural Gas and Electricity Services (“CHANGES”) to provide in-language energy-related (electric and natural gas) outreach, education, and resolution of needs and disputes, to LEP consumers in their preferred languages through a statewide network of Community-Based Organizations (“CBOs”) funded through CARE.
D.11-05-020	Authorized the sharing of low-income information between energy and water utilities. The decision also permitted the IOUs to include data sharing costs in their PY 2012-2014 budget applications.
D.11-11-010	Adopted bridge funding to allow the continuation of the programs in the absence of the application decision by January 1, 2012.
D.12-08-044	Adopted program plans and budgets for PY 2012-2014 and retained the 90% CARE penetration goal. The IOUs were directed to retain the current list of categorical eligibility programs and file an updated list on January 31 of each year, which would be reviewed by the Commission’s Energy Division staff. The utilities were also directed to develop a long-term Post Enrollment Verification (“PEV”) model using specific factors.
D.14-08-030	Addressed Phase II issues from D.12-08-044. The decision adopted bridge funding for all the IOUs from January 1, 2015 through December 31, 2015, provided additional guidance for categorical eligibility, and directed utilities to submit applications within 90 days of the decision.

D.16-11-022	Approved a budget for PY 2017 – 2020 and extended the program cycle to 2020. The decision also approved SoCalGas’s request to provide CARE enrollment through CSRs when customers call the Customer Contact Center (“CCC”) to turn-on or back-on service, or to make payment arrangements.
D.21-06-015	Approved the CARE budget for the 2021-2026 program cycle. In addition, it modified the recertification period for the CARE Expansion program from two to four years, exempted certain fixed-income CARE customers from future CARE recertification and verification requests after initial verification, and adopted a 4-year recertification cycle for enrolled CARE customers defined as having a high probability of being eligible.

The CARE Program is available to individually metered and sub-metered residential customers who meet the qualification guidelines and wish to participate in the CARE Program. CARE is also available to qualifying group living facilities, agricultural employee housing facilities, and migrant farm worker housing centers. Residential CARE applicants are permitted to self-certify that they meet the program’s eligibility requirements, and their application is subject to being selected for Post Enrollment Verification (“PEV”). Residential customers can qualify for the CARE Program in the following two ways:

- a) The total income of all the people in the household is at or below 200% of FPG, as illustrated below in Table 1.

Table 1
CARE Income Eligibility Guidelines Per Household

CARE Program Maximum Household Income* (Effective June 1, 2025 – May 31, 2026)	
Number of persons in the household	Total Yearly Household Income No More Than
1 or 2	\$42,300
3	\$53,300
4	\$64,300
5	\$75,300
6	\$86,300
7	\$97,300
8	\$108,300
For each additional person in the household add \$11,000	

*Total household income is all revenues, from all household members, from whatever sources derived before deductions, including but not limited to: wages, salaries, interest, dividends, spousal and child support payments; public assistance payments, Social Security and pensions, rental income, income from self-employment, and all employment-related non-cash income.

b) The customer or another person within the household satisfies categorical eligibility by receiving benefits from any of the following public assistance programs: Bureau of Indian Affairs General Assistance, CalFresh/Supplemental Nutrition Assistance Program (“SNAP”), CalWORKs/Temporary Assistance for Needy Families (“TANF”), Head Start Income Eligible (Tribal Only), Low-Income Home Energy Assistance Program (“LIHEAP”), Medicaid/Medi-Cal for Families A & B, National School Lunch Program (“NSLP”), Supplemental Security Income (“SSI”), Tribal TANF, and Women, Infants, and Children Program (“WIC”). The list of approved public or state assistance programs categorically eligible for CARE is determined by the Energy Division.

3.2. SoCalGas’s Proposed 2027 CARE Bridge Funding Goals

SoCalGas does not propose any changes to the CARE eligibility guidelines and requirements for the 2027 bridge year. For PY 2027, SoCalGas proposes to continue current program goals, budget, service deliveries, and strategies that have proven to be successful in the current program cycle PY 2021 – 2026, as detailed in Section 3.4 of this testimony.

For PY 2027, SoCalGas proposes to keep the current goals for the CARE program to maintain or exceed 90% of estimated eligible customers,⁴ *see* Table 2 below. D.21-06-015 aligned with historical decisions which required the IOUs to meet a 90% CARE enrollment goal, with SoCalGas’s enrollment goal authorized at 95%. To address concerns of affordability and over-enrollment, SoCalGas proposes to continue its existing PEV and Recertification best practices, further detailed in Sections 3.4.1, 3.4.2, and 3.4.3.

Table 2
CARE Participation and Enrollment Percentage Goals¹

CARE Participation Goals	2026 Authorized in D.21-06-015	2027 Proposed
Participation/ Enrollment Goal	95%	95%

¹ See Attachment F, Table 1.

⁴ See Attachment F, Table 1.

3.3. SoCalGas's Proposed 2027 CARE Bridge Funding Budget

SoCalGas plans to manage its general administration expenses similarly to its 2026 authorized budgets. For PY 2027, SoCalGas escalated its labor based on its Test Year ("TY") 2024 General Rate Case ("GRC") approved revenue requirement increase for 2027 of about three percent (3%) to account for any inflation-related adjustments.

SoCalGas requests a budget adjustment to account for inflation to its general administrative costs in program year 2027. As of May 2025, SoCalGas had a CARE enrollment rate over 111% of eligible customers. To optimize enrollment towards the CPUC goal at or above 90%, SoCalGas must forecast full utilization of its general administration costs, including IT system, processing, and verifications through 2027. Given the steady rise in costs for materials, labor, and services impacting CARE and its systems, this approach will provide a CARE budget that accurately reflects its expected CARE administrative activities.

Table 3
CARE Budget¹

Categories	2026 Authorized Budget in D.21-06-15	2026 Anticipated Budget	2027 Proposed Budget
CARE Administrative Budget	\$10,915,864	\$10,915,863	\$11,230,214
CARE Subsidy Budget	\$144,495,405	\$228,046,865	\$221,138,371
CARE Administrative + Subsidy Budget	\$155,411,268	\$238,962,728	\$232,368,585

¹ See Attachment F, Table 2.

SoCalGas's proposed CARE budgets are shown in Table 3 referenced above.⁵ Given May 2025 CARE penetration is at 111%, SoCalGas provides in Table 3 its anticipated CARE budget for 2026. Further, SoCalGas proposes a total CARE budget of \$232.37 million for 2027. If SoCalGas continues to verify and recertify its CARE customers using existing best practices, SoCalGas expects the participation to drop by 1-2% of enrollment by 2027.⁶ The consistent increase in the volume of CARE customer participation since 2020 may be due to various factors, which include changes in the eligibility requirements for the approved categorical eligible public assistance programs, the suspensions and resumptions of CARE removals for

⁵ See Attachment F, Table 2.

⁶ See Attachment F, Table B-4.

customers directly affected by the COVID-19 pandemic in 2020, as well as numerous wildfires and winter storms that prompted emergency proclamations throughout 2021-2025.

Table 4 below provides a list of the declared California state of emergencies where SoCalGas triggered the implementation of emergency customer protections for directly impacted residential and non-residential customers.⁷ Due to these emergency events and to support low-income residential customers, SoCalGas suspended CARE activities for the directly impacted CARE customers in disaster-impacted zip codes for 12 months.

Table 4
Temporary Suspension of CARE Program Recertification, Verification, and Removals

Date of Emergency Proclamation	Declared State of Emergency/Event	Impacted Area(s)	Emergency Proclamation End Date
July 30, 2024	Boren Fire in SoCalGas's service territory	Kern County	July 30, 2025
September 3, 2024	Accelerated land movement impacts to utility service in the City of Rancho Palos Verdes	Los Angeles County	September 3, 2025
September 7, 2024	Line Fire	San Bernardino County	Due to the multiple states of emergency declared for the related wildfire events, SoCalGas is extending emergency customer protections for customers directly impacted by the Line Fire to September 11, 2025
September 11, 2024	Bridge Fire	Los Angeles, San Bernardino County	September 11, 2025
September 11, 2024	Airport Fire	Orange, Riverside County	September 11, 2025
November 7, 2024	Mountain Fire	Ventura County	November 7, 2025
January 7, 2025	Los Angeles County Fires and Windstorm Conditions	Los Angeles, Ventura County	January 7, 2026

⁷ D.19-07-015 at 63-64 (Ordering Paragraph ("OP") 2).

Date of Emergency Proclamation	Declared State of Emergency/Event	Impacted Area(s)	Emergency Proclamation End Date
	(includes Palisades Fire and windstorm conditions, Eaton, Hurst, Lidia, Sunset, Woodley and Hughes Fires)		

SoCalGas will continue to closely manage its recertification and verification selection processes to optimize the enrollments and remove those households deemed ineligible for the CARE subsidies.

3.4. CARE Design and Delivery

The following are successful strategies in PY 2021-2026 that SoCalGas proposes to continue for PY 2027:

- Phone: SoCalGas plans to continue offering CARE through live CSRs when customers call the CCC to establish service, make payment arrangements, and other relevant types of incoming calls. After the initial recertification or PEV request is initiated, SoCalGas automatically sends a pre-recorded message by phone to customers to inform them to expect an application in the mail. For recertification, the message explains that it is time to renew eligibility, and failure to do so will result in program termination. The PEV message explains that to remain on CARE, proof of income or proof of participation in one of the assistance programs listed on the application, is required. Failure to respond will result in program removal and back-billing for up to three months. Customers who answer the call, can select to hear the message in English or Spanish. If the call goes to voicemail, the respective message is left in both English and Spanish. A second automated call is placed 45 days later.
- CARE Call Center: SoCalGas dedicated CARE representatives are also available to speak to customers. The CARE representatives can respond to daily inquiries regarding CARE, offer immediate enrollment or recertification, and verification assistance over the phone Monday through Friday during business hours.
- Text Messages: SoCalGas sends text messages to targeted lists of CARE customers whose applications have received a PEV or Recertification request. The messaging

encourages customers to respond (a direct URL is provided) in order to continue receiving their 20 percent bill discount.

- IVR: CARE recertification can be completed over the phone using SoCalGas's Interactive Voice Response (IVR) system, which is an option available in English and Spanish for CARE customers 24/7 (call 1-866-716-3452).
- Bill Message: All CARE customers will continue to have the ability to confirm their participation by viewing the CARE icon and itemized discount amount on their bills.
- My Account: Account holders can view their current CARE status online in My Account. New enrollment, as well as requests for recertification or verification is also viewable and can be completed in My Account.
- Auto-enrollment: SoCalGas will continue its data exchange process to support all new and recertified CARE participants in shared service territories with other participating IOUs, Class A, and Class B water utilities to receive the CARE discount on their energy bills. SoCalGas will continue to enroll those customers who receive ESA, LIHEAP, and Gas Assistance Fund assistance on CARE.⁸

SoCalGas customers will continue to have the opportunity to enroll and recertify through a variety of channels including CARE representatives⁹, mail¹⁰, IVR, fax, Capitation and third-party organizations, online, and through data leveraging with other utilities. SoCalGas's CARE Program also leverages the following programs for enrollment and recertification: ESA Program, LIHEAP, SoCalGas's Gas Assistance Fund ("GAF"), and through automatic transfer of the CARE discount from a closed to a newly activated account.

SoCalGas will continue to offer multilingual customer service and CARE applications on socalgas.com in 13 languages.¹¹ SoCalGas also provides bilingual (English/Spanish) CARE

⁸ CARE eligibility is dependent on the household providing proof of participation in qualifying public assistance programs or through proof of income.

⁹ CARE representatives are bilingual in English and Spanish.

¹⁰ CIS generated CARE applications are available in the customer's preferred language (English, Spanish, Chinese, Korean, or Vietnamese), and in font size 12 or 16 (large font) and available in 13 languages on the socalgas.com (English, Spanish, Arabic, Armenian, Farsi, Hmong, Khmer, Korean, Russian, Tagalog, Chinese, Thai, and Vietnamese).

¹¹ *Id.*

1 brochures to its existing Branch Payment Offices¹² (“BPOs”) and Authorized Payment Locations
2 (“APLs”) to reach customers when they pay their SoCalGas bills in person. SoCalGas is
3 committed to the effective multichannel options for CARE outreach, and plans to continue to
4 leverage relationships with APLs to provide in-person CARE information and enrollment
5 applications to its customers in 2027. Lastly, CARE information is also distributed through CBO
6 partners, capitation agencies, third-party door-to-door canvassing, and at numerous community
7 outreach events.

8 Both the My Account and live CSR enrollment initiatives have proven to be of great
9 impact and success, helping the CARE program surpass its 90% penetration goal. The above-
10 mentioned initiatives, combined with enhancements made to marketing and outreach to
11 encourage customers to enroll through a range of channels, have transformed the way customers
12 complete enrollments, recertifications, and verifications in CARE.

13 These methods of enrollment have reduced paper, postage, printing, and processing time,
14 while addressing barriers to reaching hard-to-reach, limited-literacy customers with enrollment
15 over-the-phone. Customers are provided with real-time CARE enrollment and the instant
16 gratification of knowing they will receive the discount, and a 60% reduction on their SEC if
17 approved within 90 days of starting their new gas service.

18 **3.4.1. CARE Recertification**

19 SoCalGas conducts recertification requests to confirm customers remain qualified, and
20 remove those customers deemed ineligible or non-responsive. SoCalGas requires CARE
21 participants to recertify their eligibility to remain enrolled in the program either:

- 22 • Every two years for individually metered customers and sub-metered tenants of
23 master-metered customers; or
- 24 • Every four years for customers that have a fixed income.

25 Customers do not need to provide proof of their household income at the time of
26 recertification; and they are only required to declare that they still meet the program’s eligibility
27 requirements. Customers can recertify by any of the following methods: Web

¹² On May 2, 2025, SoCalGas filed its Branch Offices Closure Proposal Application (A.25-05-001) requesting authorization to close all its remaining 43 branch offices.

(socialgas.com/care) or MyAccount portal, Mobile through web or MyAccount portal, direct mail, IVR, Phone, or Fax.

SoCalGas provides multiple notifications to customers to inform them of the need to recertify their eligibility in order to remain enrolled in the program. When required customers are requested to respond within 90 days, recertification notifications are delivered as applicable by e-mail, direct mail, text message, bill message, phone, and My Account. However, SoCalGas permits up to 100 days to allow for weekends and non-business days. Table 5 below outlines the recertification notifications process.

Table 5
CARE Recertification Notifications Process and Timeline

Communication	Channel(s)	Timing
Notification #1: Informs customers they will be unenrolled from CARE in 90 days if no action is taken.	Direct Mail Outbound Dialer (OBD) Recording E-mail My Account Bill Message SMS Text Message	90 days before removal
Notification #2: Informs customers they will be unenrolled from CARE in 45 days if no action is taken.	Direct Mail OBD Recording My Account Bill Message SMS Text Message	45 Days before removal
Confirmation of removal from program: Informs customer they no longer receive the CARE 20% discount / provides instructions on how to re-enroll	My Account Bill Message	0 days before removal

3.4.2. Customers Eligible for Automatic Recertification

SoCalGas will automatically recertify customers that are deemed most likely eligible for CARE based on SoCalGas's CARE Probability Model. This model takes into consideration various factors to determine whether a customer is likely to be CARE-eligible. The purpose of the probability model is two-fold. First, it aids in reducing participation of unqualified customers by identifying customers deemed likely not CARE-eligible, and they receive a PEV request to verify eligibility for the program. Second, the CARE model automatically extends recertification

for an additional enrollment cycle of two years for customers who it deems at least more than 80% likely CARE-eligible.

3.4.3. Post-Enrollment Verification

Throughout the program cycle, SoCalGas quickly surpassed its forecasted 95% enrollment goal. Due to effective messaging, thoughtful customer communications, a growing enrollment of categorically eligible customers, multiple publicly declared emergency customer protections, and successful retention strategies, CARE enrollment rate has been over 110%. To uphold program integrity, SoCalGas conducts verification requests to require proof of eligibility of certain CARE customers, and remove those customers deemed ineligible. In a verification request, selected customers must submit required documentation to verify their program eligibility. Prior to implementing customer protections, between 2-7% of CARE participants annually received post-enrollment verification requests. The selection for post-enrollment verification request is based on CARE Probability Model. Consistent with its existing practice, SoCalGas will continue to conduct daily verifications. All CARE customers newly enrolled or recertified will be subject to the PEV process and the CARE Probability Model. CARE customers deemed least probable to qualify for the program will be selected for PEV and sent a verification request with 90 days to respond. Customers can respond to the verification request by any of the following methods: Web through MyAccount portal, Mobile through MyAccount portal, direct mail, or fax. SoCalGas provides multiple notifications to customers that inform them of the need to verify their eligibility to remain on the program. Customers will receive notifications by direct mail, bill message, phone, and My Account, as applicable, and will be removed from CARE if they do not verify their eligibility within 90 days. However, SoCalGas permits 100 days to allow for non-business days. CARE customers may be removed from the CARE program if they do not respond with the required supporting documentation. Table 6 below describes the verification notifications process and timeline.

Table 6
CARE Verification Notifications Process and Timeline

Communication	Channel(s)	Timing
Notification #1: Informs customers they will be unenrolled from CARE in 90 days if no action is taken.	Direct Mail OBD Recording My Account Bill Message SMS Text Message	90 days before removal

Communication	Channel(s)	Timing
Notification #2: Informs customers they will be unenrolled from CARE in 45 days if no action is taken.	Direct Mail OBD Recording My Account Bill Message SMS Text Message	45 Days before removal
Confirmation of removal from program: Informs customers they no longer receive the CARE 20% discount / provides instructions on how to re-enroll	Bill Message	0 days before removal

3.5. Continuation of Marketing, Education, and Outreach Activities

In accordance with D.21-06-015, SoCalGas's Marketing, Education and Outreach budgets will continue to utilize successful marketing and outreach strategies to build awareness, and retain customers in programs. Additionally, SoCalGas leverages cross promotion of assistance programs to reach broader audiences and to increase program awareness. Information is available on socalgas.com through the assistance programs site. This webpage provides all available SoCalGas assistance programs to customers including non-IOU programs such as Lifeline, affordable broadband, and LIHEAP. The marketing activities include, but are not limited to, mass media, direct mail, door-to-door canvassing, social media, localized community outreach targeted efforts in Disadvantaged Communities ("DAC")/Rural/Tribal areas. In addition, SoCalGas will continue to leverage relationships and partnerships with community and faith-based organizations, as well as other state, federal and local agencies. SoCalGas proposes to continue marketing strategies including direct marketing and mass media, targeted marketing, education, and outreach to increase program awareness and drive online enrollment, and localized community outreach efforts to target hard-to-reach segments. These efforts will help to build customer awareness of the program. SoCalGas proposes no changes to the PY 2026 CARE participation/enrollment goals. However, SoCalGas proposes an increase to the PY 2026 CARE budgets. This request accounts for estimated inflation rates as described above and the CARE oversubscription which impacts the CARE subsidy as discussed above.

3.6. CHANGES

3.6.1. Background

D.15-12-047 approved the Community Help and Awareness of Natural Gas and Electricity Services (“CHANGES”) program which provides outreach, education, and bill assistance on natural gas and electricity bills and services to LEP consumers through a statewide network of CBOs. CHANGES is a CPUC program designed to assist LEP customers with their energy-related needs. The CHANGES program is administered by a third-party implementer selected by and contracted with the CPUC. The CHANGES third party implementer manages the same network of CBOs who also provide direct services for the Telecommunications Education and Assistance in Multiple Languages (“TEAM”) program which provides services in similar nature to CHANGES but focuses on supporting the same LEP customers with telecommunications services. CHANGES uses the same CBOs in TEAM, and this allows consumers a “one-stop shop” for education and assistance on telecommunications and energy services.

3.6.2. SoCalGas’s CHANGES Proposal

SoCalGas proposes to continue utilizing the existing funding mechanism at the funding levels approved for Program Years (PY) 2021–2026 through the CARE program to support the CHANGES program in 2027, continuing to allocate 25% of these funds through the CARE program at SoCalGas.¹³

4. ESA PROGRAM

4.1. ESA Background and Purpose

4.1.1. ESA Main Program

The ESA Program is a no-cost energy efficiency program that provides home weatherization services and energy efficiency measures to help low-income households conserve energy, reduce their energy costs/utility bills, and improve the health, comfort, and safety (“HCS”) of the home. The program also provides information and education to promote energy efficient practices in low-income communities.

¹³ D.21-06-015 at 75, Table 3.

1 Initially offered as an assistance program directly from a few IOUs in the 1980s, the ESA
2 Program was later adopted and codified into statute in 1990. Pub. Util. Code § 2790(a) provides
3 as follows:

4 The commission shall require an electrical or gas corporation to perform home
5 weatherization services for low-income customers, as determined by the
6 commission under Section 739, if the commission determines that a significant
7 need for those services exists in the corporation's service territory, taking into
8 consideration both the cost-effectiveness of the services and the policy of reducing
9 the hardships facing low-income households.

10 Income limits for ESA Program participation is set at 250 percent of the FPG, authorized
11 by Senate Bill 756 at or below FPG and households eligible for program participation include
12 residential single-family households, multifamily households, mobile homes, renters, and
13 owners.¹⁴ The ESA Program is funded by both participating and non-participating ratepayers as
14 part of a statutory public purpose program surcharge that appears on their monthly utility bills.

15 **4.1.2. ESA Program MFWB**

16 The Southern Multi-Family Whole Building (“MFWB”) program, provides energy
17 efficiency measures for the multifamily low-income customers in the service territories of
18 SoCalGas, SCE, and SDG&E. The program is administered by SDG&E and implemented by
19 Richard Heath & Associates (“RHA”). The MFWB Program has faced notable challenges since
20 its launch on July 1, 2023. The MFWB Program experienced delays, largely due to systemic
21 issues in processing, delays in incentive alignment, and administrative constraints.

22 **4.1.3. ESA Pilot Plus/Deep**

23 D.21-06-015 approved the Energy Division’s ESA Program redesign concept on a pilot
24 basis; the ESA Program Pilot Plus and Deep. It is the Commission’s expectation that the ESA
25 Program Pilot Plus and Deep treatments will require a greater investment per customer
26 household and will yield deeper energy savings with targets between 5 percent to 50 percent.

27 The Commission provided guidance for the IOUs to consider a variety of program
28 designs, including regional implementation, particularly in the shared service territory for SCE
29 and SoCalGas. After reviewing the pilot guiding principles outlined above, SCE and SoCalGas

¹⁴ Public Utilities Code § 739.1(a).

jointly decided to implement the pilot in their shared service territory. This collaborative approach provides customers with comprehensive electric and gas energy efficiency services to (1) maximize energy savings, (2) provide for customer-focused service delivery to minimize the number of return customer visits, and (3) leverage each respective utility’s program resources to increase program effectiveness to minimize duplication of work and resources. SCE and SoCalGas have a long history of successfully working together to deliver ESA Program services effectively to their shared customers. The Joint Pilot Plus and Deep is an expansion of those efforts.

4.2. SoCalGas’s Proposed 2027 ESA Bridge Funding Goals and Budget

4.2.1. Main ESA Program

SoCalGas proposes no changes to PY 2026 ESA Program budget, annual energy savings goals, and ESA Program household treatment goals and targets. However, SoCalGas requests the bridge funding for PY 2027 be adjusted based on estimated inflation rates as described above. SoCalGas proposes a total ESA budget of \$123.38 million for 2027.

SoCalGas’s proposal is consistent with the goals and targets from D.21-06-015 for PY 2026. SoCalGas proposes the following metrics with specific goals that can be used to track progress:

- Portfolio Energy Savings Goals (Therms)
- ESA Program Household Treatment Targets

SoCalGas’s ESA Program annual energy savings goals in Therms for the entire ESA Program Portfolio are shown in Table 7.¹⁵

Table 7
Annual ESA Program Energy Savings Goals (kWh, kW, Therms)¹

Category	kWh	kW	Therms
2026	-	-	1,435,220
2027	-	-	1,435,220

¹ See Attachment F, Table 5.

¹⁵ See Attachment F, Table 5.

1 SoCalGas's ESA Program annual household participation targets for the entire ESA
2 Program Portfolio, including main ESA Program, MF in-unit, MF CAM, and MFWB are shown
3 in Table 8.¹⁶

4 **Table 8**
5 **Annual ESA Program Household Treatment Goals and Targets¹**

	Target
2026	69,837
2027	69,837

6 ¹ See Attachment F, Table 6.

7 SoCalGas's proposed PY 2027 bridge funding ESA Program Portfolio budget in
8 Table 9.¹⁷ SoCalGas's approach in developing this forecasted budget is based on the D.21-06-
9 015 authorized budget for PY 2026 which is part of the current PY 2021 – 2026 program cycle.
10 The budget presented herein is designed to provide needed funding for a continuation of current
11 required program activities through the end of the 2027 bridge year. The 2027 budget does not
12 increase the overall funding of the MFWB program budget, and rather utilizes all forecasted
13 underspending through 2023 – 2026.

¹⁶ See Attachment F, Table 6.

¹⁷ See Attachment F, Table 7.

Table 9
ESA Portfolio Budget*

Category	2026	2027
EE	\$82,844,757	\$82,844,757
EE-MF	\$20,563,740	\$27,380,263
SPOC	\$308,278	\$317,526
EE-Pilots ¹		
EE Subtotal	\$103,408,497	\$110,225,020
Training Center	\$827,048	\$851,859
Workforce Education and Training	\$ -	\$ -
Inspections	\$1,586,833	\$1,634,438
Marketing and Outreach	\$1,462,019	\$1,505,880
Studies [2]	\$200,000	\$77,250
Regulatory Compliance	\$513,413	\$528,815
General Administration	\$8,050,562	\$8,292,079
CPUC Energy Division	\$107,152	\$110,367
Subtotal - Admin	\$12,747,027	\$13,313,188
Program Total	\$116,155,524	\$123,538,208
Staff Proposal Pilot (PPPD)	\$6,510,524	\$ -
Portfolio Total	\$122,666,069	\$123,538,208

* See Attachment F, Table 7.

[1] These include other pilots.

[2] Authorized per D.21-06-015 (OPs 166 and 169), impact and process evaluations for ESA Main are funded by the ESA portfolio budget. Because of unanticipated delays in ramping up the ESA Main program, the IOUs are proposing to begin these evaluations in PY 2026 and complete them in PY 2027. The budget for the year 2026 includes the approved funds of \$125,000 for the main ESA Program Process and Impact Evaluation, along with \$75,000 allocated for the Adhoc Company's Evolving Study and Data Needs. The budget for the year 2027 includes approved funds of \$250,000 for the ESA Main Process and Impact Evaluation, \$62,500 for the LINA 2028 Study, and an additional request of \$77,250 for the Adhoc Study budget. These allocations are based on the approved decision D21-06-015.

4.2.2. ESA Program MFWB

SoCalGas requests that the 2027 bridge year maintain all existing structural and operational components of the MWFB program to maintain program continuity and oversight:

- Implementer: RHA will continue in their role as implementer of the MFWB program, leveraging lessons learned and systems improvements developed over the several years.

Lessons learned include:

- Improving the intake process (e.g., income verification, streamlining project approvals and reducing enrollment timeline).

- Targeting training for staff and administrators that promotes consistent understanding of measures and incentive rules.
- Developing customized outreach strategies to better engage multifamily property owners and increase participation.
- Project completion timelines can be significantly shortened by improving the assessment and incentive approval process.
- Administrator: SDG&E will continue administrative oversight of the MFWB program, maintaining compliance, transparency, and alignment with statewide energy efficiency goals.
- Scope and Design: No significant changes are proposed to the program design, incentive structures, eligibility criteria, or verification protocols. Maintaining consistency supports streamlined implementation and minimizes re-training or confusion for customers and property owners.

For PY 2027, SoCalGas plans to pursue energy efficiency retrofits in both common areas and in-unit measures for multifamily properties. SoCalGas’s goal is to increase production in both categories as market penetration expands and as implementer pipelines mature. SoCalGas will be working closely with the Southern implementer, RHA, and SDG&E, the administrator, by providing leads and any customer support needed to facilitate projects using SoCalGas share of the MFWB administrative dollars. MFWB household treatment targets are shown in Table 10.¹⁸ Annual energy savings goals in Therms are shown in Table 11.¹⁹

Table 10
Households Treatment Targets¹

Program	2026	2027
SoCalGas MFWB	18,000	17,100
Southern MFWB	40,000	38,000

¹ See Attachment F, Table 6a.

¹⁸ See Attachment F, Table 6a.

¹⁹ See Attachment F, Table 5a.

Table 11
Annual Energy Savings Goals (Therms)¹

Program	2026	2027
SoCalGas MFWB	639,884	1,495,996
Southern MFWB	795,266	1,651,191

¹ See Attachment F, Table 5a.

The budgets and targets for PY 2027 will be the volume of projects remaining in the pipeline from program years 2023 – 2026. These carryover projects represent both a backlog of uncompleted work and a forward-looking opportunity to align future resources with existing commitments, supporting continuity, and improved program performance.

SoCalGas plans for the bridge year to be a continuation of current MFWB efforts. SoCalGas does not propose any changes to the MFWB Program and requests that the 2027 bridge year be funded through use of unspent authorized MFWB Program funds from the PY 2021–2026 program cycle. See Table 12 below for the proposed MFWB funding and budget for 2027.²⁰

Table 12
SoCalGas MFWB and Single Point of Contact (SPOC) Budgets¹

Category	2026	2027
EE-MF	\$20,412,223	\$25,149,615
EE Subtotal	\$20,412,223	\$25,149,615
General Administration - Regional	\$1,521,535	\$1,534,291
General Administration - IOU	\$534,839	\$696,357
SPOC	\$308,278	\$317,526
Non-EE Subtotal	\$2,364,652	\$2,548,174
Program Total	\$22,776,875	\$27,697,789

¹ See Attachment F, Table 7a.

This approach is fiscally prudent and allows SoCalGas to maximize the return on PY 2021-2026 approved funds, promote continuity of service, and avoid costly program shutdowns or ramp-downs that may disrupt implementer operations and participant engagement.

²⁰ See Attachment F, Table 7a.

4.2.2.1. SoCalGas Commitment

SoCalGas is committed to extending the MFWB program through 2027 using unspent funds from PYs 2023-2026. The projected anticipated unspent funds are \$26 million. This decision is grounded in several key considerations:

1. The 2027 Bridge Year presents a strategic opportunity for the Southern MFWB IOUs to maximize the use of unspent funds, addressing previous program delays and underperformance. By leveraging these available resources, the IOUs can make up lost ground on targeting goals and re-engage property owners with existing project pipelines and enhanced program delivery.
2. Operational Efficiency: The infrastructure, contracts, and stakeholder relationships are already in place. Continuing for a bridge year without disruption avoids unnecessary administrative burden or duplicative startup costs.
3. Market Readiness: Properties already in the pipeline or undergoing feasibility studies in PYs 2025 and 2026 will be ready to complete installations in 2027. The bridge year ensures that these projects can move forward seamlessly.
4. Program Support and Leadership Dynamics: While San Diego Gas & Electric (SDG&E) serves as the lead administrator for the Southern MFWB program, SoCalGas has remained fully committed to supporting the program's success within the scope of our role and authority. SoCalGas has contributed resources, coordinated closely with the implementer, and provided ongoing strategic and operational input. However, as a non-lead utility, our ability to effectuate broader programmatic changes or redirect implementation strategy is inherently limited. Despite these constraints, SoCalGas has consistently worked to set the program up for success.

4.2.2.2. Implementation Strategy

RHA will focus on scaling customer engagement, accelerating project timelines, and improving the customer journey by applying feedback gathered from the past couple of years. Continued coordination with SDG&E will help incentive processing, data tracking, and quality assurance measures will continue to be streamlined and responsive.

1 There be a continued focus on reducing project turnaround time through enhanced project
2 management tools and clarifying measure eligibility and installation requirements across all
3 parties. In addition, the program will maintain contractor training and outreach support to
4 increase participation, while tracking and publicly reporting key performance metrics.

5 **4.2.3. ESA Program Pilot Plus/Deep**

6 The Joint Pilot Plus and Deep Implementation Plan aims to complete all remaining
7 homes, ramp down the program, and complete all evaluation, measurement, and verification by
8 the end of the PY 2026. Because the program is expected to finish by the end of PY 2026, there
9 are no proposed goals or budget allocations for the 2027 bridge year. The program will not
10 continue, and no further planning or funding is necessary.

11 SoCalGas anticipates the unspent funds from the Joint Pilot Plus and Deep will be
12 approximately \$29 million by the end of PY 2026. SoCalGas proposes to utilize unspent Joint
13 Pilot Plus and Deep funds to help offset potential cost pressures that may be the result of
14 increases in tariffs as discussed in Section 5.

15 **4.2.4. ESA Program Design and Delivery**

16 SoCalGas will continue to implement strategies that are focused on achieving deeper
17 energy savings while maintaining program effectiveness. The existing approach seen in
18 Marketing and Outreach (M&O) and Enrollment has yield favorable energy savings, and
19 therefore will continue through PY 2027:

- 20 1. Email and Texting: SoCalGas plans to continue personalized email and text outreach
21 to target potential eligible customers. This will help raise awareness about the ESA
22 Program.
- 23 2. ESA Program Webpage: A dedicated webpage with a robust of information related to
24 ESA Programs. The webpage allows customers to apply for ESA Program, contains a
25 summary of how ESA Program works and its offerings, provides eligibility
26 requirements, energy education guide, verification of authorized contractors, and a
27 frequently asked questions section.
- 28 3. ESA Program Social Media Posts: Ongoing social media messages will continue
29 year-round in order to raise awareness.

4. ESA Program Bill Communications: ESA Program bill messages targeted at residential CARE customers will continue because it is a more cost-effective method compared to bill inserts.
5. ESA Program contractors will maintain course in performing outreach activities that will target Hard-to-Reach (“HTR”), Disadvantaged Communities (“DAC”), High Energy Users (“HEU”), and Medical Baseline customers.
6. ESA Program information that can be found on our customer assistance program brochures, will be available in large-print for vision impaired customers. Braille customer assistance program brochures were distributed to CBOs supporting Braille users, placed at SoCalGas BPOs, and featured at outreach events.

5. GLOBAL TARIFF IMPACTS ON ESA PROGRAMS

ESA Program contractors have pre-emptively notified SoCalGas that costs to ESA Program measures are projected to increase due to the anticipated increases in goods and materials resulting from tariffs. It is still unknown how the tariffs will directly impact ESA program budgets. As such, the cost projections and/or increases to account for tariff increases in 2027 are not reflected in this application.

SoCalGas requests the approval to utilize the unspent Joint Pilot Plus and Deep funds to help cover any budgetary shortfalls. SoCalGas will maintain documentation received from its ESA contractors and/or equipment manufacturers that appropriately demonstrate these increases. We respectfully request the assigned Administrative Law Judge explain in the Decision if this request is granted. SoCalGas understands that using the unspent funding from a pilot program as a contingency for unknown economic factors in ESA main is very unique to our current economic landscape and isn't something we are trying to set a precedent for going forward. Given the unique nature of the request, we request formal approval for the use of these funds along with any specific guidance the commission recommends for identifying these pilot funds that are used to supplement our Main ESA Program budget.

6. TRIBAL OUTREACH

SoCalGas proposes that the Tribal Outreach efforts used for the current cycle continue through bridge funding year to meet the same goals while utilizing the same budget as allocated for PY 2026. The relationships with local Tribal government and administrative staff will help

communicate with Tribal members in raising awareness about Customer Assistance Programs. These efforts were supported through Memorandum of Understandings (“MOUs”) directly with tribes and community organizations that work with tribal communities in SoCalGas’s service area, sponsorship of events in the community and through TANF programs.

7. MAIN ESA PROGRAM PROCESS AND IMPACT EVALUATION

D.21-06-015 approved funding for the main ESA Program process and impact evaluations, allocating \$1,500,000 for main ESA Program and \$500,000 for MFWB programs. SoCalGas will lead both the main ESA Program Impact and Process Evaluations, utilizing \$1,000,000 from the budget. The funding follows the traditional Utility funding split (PG&E 30%, SCE 30%, SoCalGas 25%, and SDG&E 15%).

The process and impact evaluation will assess the effectiveness of ESA Program design and interventions for PYs 2021 – 2026 as well as evaluating the ex-ante saving values for all measures proposed and implemented by the IOUs during the PY 2021-2026 program cycle. The IOUs propose to finalize the exact project scope and budget for each impact evaluation through the ESA Program/CARE Study Working Group.

Impact evaluations require a thorough analysis of at least 12 months of representative program data to account for usage patterns and seasonality, along with 12 months of pre- and post-treatment data to accurately determine the energy savings resulting from efficiency interventions. For the main ESA Program Impact & Process Evaluation, 2024 will serve as the representative year. SoCalGas will begin developing the scope of work in Q3 of 2025, with the evaluation to commence in 2026. *See* Table 13 below for the remaining ESA impact evaluations and LINA studies in scope for the 2027 bridge year.²¹

²¹ *See* Attachment F, Table 8.

Table 13
Timelines and Budgets for Remaining Studies Authorized in D.21-06-015*

	2026	2027	2028	Total
Studies ^[1]				
Adhoc Company's Evolving Study and Data Needs	\$75,000	\$77,250	\$0	\$152,250
Joint IOU - 2028 Low Income Needs Assessment (LINA) Study ^[2]	-	\$62,500	\$62,500	\$125,000
Joint IOU - ESA Main - Impact and Process Evaluation ^[3]	\$125,000	\$125,000	-	\$250,000
Joint IOU - MFWB - Impact and Process Evaluation ^[4]	-	\$125,000	\$125,000	\$250,000
Total Studies	\$200,000	\$389,750	\$187,500	\$777,250

* See Attachment F, Table 8.

^[1] Authorized per D.21-06-015, funds for studies may be rolled over to the next program year or borrowed from a future program year within the cycle, to allow for flexibility in scheduling changes with these efforts. Funding for studies is not solely supported via the ESA program budget; some studies are jointly supported via the CARE budget. Funding amounts listed reflect SoCalGas 25% allocation among the IOUs. Final authorized budgets may be adjusted by the ESA/CARE Study Working Group per D.21-06-015.

^[2] Authorized per D.21-06-015 (OP 167), the 2028 LINA will be conducted during PYs 2027 and 2028 and is funded 50/50 via ESA and CARE budgets.

^[3] Authorized per D.21-06-015 (OPs 166 and 169), impact and process evaluations for ESA Main are funded by the ESA portfolio budget. Because of unanticipated delays in ramping up the ESA Main program, the IOUs are proposing to begin these evaluations in PY 2026 and complete them in PY 2027.

^[4] Authorized per D.21-06-015 (OPs 166 and 169), impact and process evaluations for MFWB are funded by the ESA portfolio budget. Because of unanticipated delays in ramping up the MFWB program, the IOUs are proposing to begin these evaluations in PY 2027 and complete them in PY 2028.

8. LOW INCOME NEEDS ASSESSMENT

A Low Income Needs Assessment (“LINA”) study is statutorily mandated to be completed every three years with the assistance of the Low-Income Oversight Board (“LIOB”), per Pub Util. Code § 382(d). In D.21-06-015, the Commission approved funding for the 2025 and 2028 LINA studies with study budget not to exceed \$500,000 each and may be carried forward into the next program cycle, if needed. These studies are overseen by the Energy Division and the Low Income Oversight Board (LIOB). The funding for these studies is divided between the CARE and ESA Program budgets. The LINA study aims to evaluate the energy needs of income-qualified customers of the IOUs.

SoCalGas requests authority to submit a Joint IOU Tier 2 Advice Letter to initiate the 2028 LINA study. SoCalGas proposes for the 2028 LINA study to begin in the 2027 bridge year

and anticipates the study to conclude in 2028. See Table 13 that details the remaining ESA impact evaluations and LINA studies in scope for the 2027 bridge year.²²

9. ESA PROGRAM COST EFFECTIVENESS PROJECTIONS

SoCalGas calculated an ESA Cost Effectiveness Test (ESACET) value of 0.66 for Program Year (PY) 2027 using PY 2024 portfolio composition (*i.e.* measure mix) along with updated budget information. The calculations were performed using the latest Avoided Cost Calculator values (specifically the 2026 Avoided Cost Version in the CPUC's Cost Effectiveness Tool, which uses the 2024 Avoided Cost Calculator) and the Non-Energy Benefits Tool. See Table 14 below that details additional informational of cost effectiveness test results for PY 2027. The Southern MFWB ESACET provided by SDG&E is 0.65 for PY 2027.²³

Table 14
Detailed Cost Effectiveness Test Results¹

	Energy Savings Assistance Cost Effectiveness Test (ESACET)	Resource Test	Total Resource Cost (TRC) Test	Program Administrator Cost (PAC) Test	Ratepayer Impact Measure (RIM) Test
2027	0.66	0.28	0.26	0.26	0.20

¹ The CPUC Energy Division has not added the Societal Cost Test (SCT) functionality to the Cost Effectiveness Tool (CET). This functionality is required in order to calculate SCT ratios for the ESA Program. SoCalGas is expected to provide an addendum to its application once the SCT functionality is added to the CET.

10. COST RECOVERY AND REVENUE REQUIREMENTS

SoCalGas does not propose any changes to the revenue allocation or rate design for the CARE or ESA Program.

SoCalGas's CARE program costs are currently recovered using an Equal Cents Per Therm ("ECPT") approach to allocate costs between the customer classes. The CARE Program rates are calculated by multiplying the program cost by the allocation factor and dividing by the applicable billing determinants minus any exempt throughput. SoCalGas recovers its CARE Program costs through the PPP surcharge. The CARE Program cost is calculated from the

²² *Id.*

²³ See Attachment F, Table A-2.

revenue requirement, which is based on the combination of both the administration costs and the CARE subsidy and any pending balancing accounts.²⁴

SoCalGas maintains a two-way CARE balancing account (“CAREA”) to track the CARE program expenses incurred against gas surcharge funds reimbursed from the State Board of Equalization (“BOE”). SoCalGas maintains the CAREA by recording entries for CARE administrative costs, CARE discounts, and gas surcharges billed at the end of each month. SoCalGas also records to the CAREA remittances of PPP funds collected from ratepayers to the BOE and subsequently records the reimbursement of those funds one to two months after the funds are remitted. SoCalGas does not propose any changes to the CAREA.

Table 15
Revenue Requirements and PPPS Rates - CARE

	Present Rates	2027
SCG Increase (Decrease) in PPPS Revenue Requirement \$ Millions:		
CARE Subsidies	\$201.6	\$221.1
CARE Admin	\$10.8	\$11.2
	\$212.4	\$232.4
Total PPPS Revenue*	\$461.2	\$481.9
Change/year \$millions		\$20.7
Increase (Decrease) in CARE portion PPPS Rate \$/th:		
Residential		\$0.00432
Core C&I		\$0.00432
NonCore C&I		\$0.00432

*Revenue Requirement includes total undercollected Balancing Account

SoCalGas’s ESA Program costs are currently recovered from the residential customer class. The ESA Program rates are calculated by multiplying the program cost by the allocation factor and dividing by the applicable billing determinants minus any exempt throughput. SoCalGas recovers its ESA Program costs through the PPP surcharge. The ESA Program cost is calculated from the revenue requirement, which is based on the combination of both the EE category costs as well as the administrative and other cost categories.²⁵

SoCalGas maintains a one-way Direct Assistance Program Balancing Account (DAPBA) to record the difference between actual ESA Program expenses and ESA Program-related gas

²⁴ See Attachment F, Table B-1.

²⁵ See Attachment F, Table 7.

surcharge revenues billed to customers which are remitted to/reimbursed from the State BOE. Any over collected balances in the DAPBA at the end of the program cycle will be refunded to ratepayers in connection with the PPP surcharge rate update advice letter filing. Any overspending above authorized levels (e.g. an under collected balance) at the end of the program cycle are not recoverable from ratepayers. SoCalGas does not propose` any changes to the DAPBA.

Table 16
Revenue Requirements and PPS Rates – ESA

	Present Rates	2027
SCG Increase (Decrease) in PPS Revenue Requirement \$ Millions:		
ESA Program	\$122.8	\$110.2
ESA Admin	\$0.0	\$13.3
	\$122.8	\$123.5
Total PPS Revenue*	\$461.2	\$481.9
Change/year \$millions		\$20.7
Increase (Decrease) in PPS Rate \$/th:		
Residential		\$0.00029
Core C&I		\$0.00000
NonCore C&I		\$0.00000

*Revenue Requirement includes total undercollected Balancing Account

~ ESA program revenue for present rates is shown as “Program”. Data for present rates is not split between Program and Admin.

SoCalGas requests that the Commission authorize recovery of the program plans and budgets proposed in the Application by means of the proposed CARE and ESA Program cost for PY 2027.

11. CONCLUSION

SoCalGas requests that the Commission approve its bridge funding application for PY 2027 that will allow continuity in activity for CARE and ESA Programs. The proposals outlined for CARE and ESA Programs in this application support SoCalGas’s continued focus on helping low-income customers. SoCalGas respectfully requests the Commission to approve the proposals that have been presented and issue a final decision for SoCalGas Bridge Funding Application by June 2026.

1 **12. QUALIFICATIONS**

2 My name is Octavio Verduzco. My business address is 1801 S. Atlantic Blvd., Monterey
3 Park, California 91754. I am employed at SoCalGas as the Customer Assistance Program
4 Manager for the California Alternate Rates for Energy (CARE) and Energy Savings Assistance
5 (ESA) Program. My principal responsibility is to manage SoCalGas's ESA Program, CARE,
6 Medical Baseline and Gas Assistance Fund programs.

7 I joined SoCalGas in 2010 and since then have managed various teams in the Marketing
8 Communications, social media and research areas of the company. As the Marketing
9 Communications/Research Manager, I was responsible for developing integrated marketing
10 campaigns in support of Energy Efficiency, Customer Assistance, Energy Upgrade California
11 and other programs.

12 Prior to SoCalGas, I held various account manager positions at several advertising
13 agencies with an emphasis on marketing to the Hispanic population. I received a Bachelor of
14 Science in Business Administration degree from Woodbury University.

15 I have previously testified before the California Public Utilities Commission. I have
16 provided prior written testimony in support of the 2013-2014 Statewide Marketing Education
17 and Outreach program, 2021-2026 Low Income Programs Application, as well as past GRC-
18 filings.