

Application No: A.19-11-006
Exhibit No: _____
Witness: Brooks, Erin P.

Application of Southern California Gas
Company (U904G) for Approval of Low-
Income Assistance Programs and Budgets
for Program Years 2021-2026

Application 19-11-006
(Filed November 4, 2019)

**PREPARED REBUTTAL TESTIMONY OF ERIN P. BROOKS ON BEHALF OF
SOUTHERN CALIFORNIA GAS COMPANY**

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

October 9, 2020

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**PREPARED REBUTTAL TESTIMONY OF
ERIN P. BROOKS**

3 **I. INTRODUCTION**

4 The purpose of my prepared rebuttal testimony on behalf of Southern California Gas
5 Company (“SoCalGas”) is to address intervenor testimony filed on September 4, 2020. My
6 rebuttal testimony focuses on policy-related issues and is intended to be complimentary to and
7 supportive of SoCalGas’ California Alternate Rates for Energy (“CARE”) and Energy Savings
8 Assistance (“ESA”) Program rebuttal testimonies. Based on strong support for the majority of
9 SoCalGas’ proposals, with limited opposition, SoCalGas respectfully requests the California
10 Public Utility Commission (“Commission”) approve the proposed program years PY 2021-2026
11 CARE as put forth in Application (“A”) 19-11-006. SoCalGas remains committed to serving its
12 low-income community through cost-effective and innovative programs that save energy, reduce
13 costs and provide health, comfort and safety benefits.

14 The following sections of this rebuttal testimony focus on two areas:

- 15 1) Specific SoCalGas requests that were supported or not opposed by intervenors;
16 2) Intervenor proposals, and SoCalGas requests that were opposed or where intervenors
17 require clarification;

18 **II. SOCALGAS’ TESTIMONY SUPPORTED OR WITHOUT OPPOSITION
19 SHOULD BE APPROVED AS REQUESTED**

20 SoCalGas has reviewed intervenor testimony and either received support for, or is not
21 aware of any opposition to, a number of its proposals. As a matter of convenience, this section
22 of my rebuttal testimony provides a list of such items taken from my prepared direct testimony
23 on policy-related matters. Seeing no opposition for the following proposals, SoCalGas requests
24 the Commission explicitly approve SoCalGas’ Application for program years (“PYs”) 2021-

2026 for its CARE and ESA Programs, specifically:

- 1) Approve the proposed budget for the ESA Program of \$131,525,600 for PY 2021, \$136,493,798 for PY 2022, \$136,514,861 for PY 2023, \$136,519,523 for PY 2024, \$136,549,364 for PY 2025, and \$136,214,997 for PY 2026 according to the costs presented by category in the SoCalGas' ESA testimony;
- 2) Approve the proposed budget for the CARE Program of \$149,249,646 for PY2021, \$150,669,161 for PY2022, \$151,983,280 for PY2023, \$153,497,417 for PY2024, \$155,039,114 for PY2025, and \$156,411,268 for PY2026 according to the costs presented by category in in SoCalGas' CARE testimony;
- 3) Adopt new treatment goals as presented in SoCalGas' Application for the redesigned ESA Program, to replace all prior treatment goals for the past ESA Program;
- 4) Modify ESA Program Rules for the PY 2021-2026 Cycle, including providing an Advice Letter process for updating the Policies & Procedures and Industry Standards Manuals, allowing adding or removing measures through the monthly report, aligning ESA Program fund shifting rules with energy efficiency ("EE") fund shifting rules, and defining ESA Program cost categories for consistency across IOUs;
- 5) Extend the deadline for the Investor Owned Utilities ("IOUs") to submit the annual estimate of customers eligible for the CARE program from December 31 to February 12 of each year to accommodate the inclusion of meaningful information.
- 6) Establish a memorandum account and move the Community Help and Awareness with Natural Gas and Electricity Services ("CHANGES") program funding from the CARE Program budget to the Commission's reimbursable budget or General Rate Case ("GRC").

III. SOCALGAS ADDRESSES INTERVENOR TESTIMONY AND ENCOURAGES APPROVAL OF THE REQUESTS IN A.19-11-006

The following section addresses intervenor proposals as well as SoCalGas' requests that were opposed or where intervenors require clarification.

A. SoCalGas Disagrees with Utilizing the Energy Division Staff Proposal as The ESA Program Design Template

The testimony of the Protect Our Communities Foundation ("PCF") states the following:

The Staff Proposal best captures the legislative mandates for the ESA Program and should be the template for the utility ESA Program applications. Unlike the utilities, the Energy Division can focus on customer

1 needs as opposed to the interests of shareholders. For instance, SoCalGas
2 shareholders have an interest in supplying gas-fueled space heaters and
3 water heaters, and traditional gas-fired combustion generation, so that
4 customers remain dependent on gas, but customers and society as a whole
5 would enjoy far greater benefits from electric heat pumps and solar-plus-
6 battery backup power.¹

7 SoCalGas disagrees with PCF that the Energy Division (“ED”) Staff Proposal for the
8 upcoming ESA Program should be the template for the design of the ESA program. On July 24,
9 2020, SoCalGas filed comments² on the ED Staff Proposal and expressed that while SoCalGas
10 generally supports the goals and guiding principles set forth in the Staff Proposal, it is important
11 to note that several of the ideas in the Staff Proposal effectively constitute new direction for the
12 ESA Program, which does not comport with or encompass all requirements from Decision
13 (“D.”) 19-06-022.³ SoCalGas also emphasized the fact that its application was responsive to
14 D.19-06-022 and that the Staff Proposal and the SoCalGas ESA Program Application are not
15 mutually exclusive. For instance, in the Staff Proposal, ED proposes to transition from portfolio-
16 wide total energy savings targets adopted in D.17-12-009 to setting an ESA household-level
17 average savings goals to promote long-term energy reductions per household.⁴ SoCalGas’
18 Application does in fact propose a new ESA Program design that promotes deep household
19 energy savings.⁵ Furthermore, many of the ideas in the Staff Proposal are already included in
20 SoCalGas’ Application, such as a tiered approach to ESA treatments, a customer-centric
21 technology platform, a focus on increasing average household energy savings, and reducing
22 hardship.

¹ Prepared Direct Testimony of Bill Powers on behalf of PCF at p. 10.

² Administrative Law Judge (“ALJ”) Ruling Seeking Comments (June 25, 2020); *See* SoCalGas comments (July 24, 2020).

³ Response of SoCalGas to ALJ Ruling Seeking Comments (June 25, 2020) at pp. 2-4

⁴ ALJ Ruling Seeking Comments (June 25, 2020) Appendix A: Energy Division Staff Proposal (Final) – June 2020 Energy Savings Assistance Program Goals for Years 2021-2026 at p. 4.

⁵ Prepared Direct ESA Testimony of Mark Aguirre and Erin Brooks at p. 38.

1 PCF's overly generalized statement that the Staff Proposal should be the template needs
2 to be taken with caution especially when applied to energy savings and goals. SoCalGas
3 believes that if the Commission adopts the tiers of service from the Staff Proposal, the energy
4 savings percentages by tier should then remain as guidelines, and not be set as goals. Each tier
5 importantly focuses on contributions to overall energy savings but does not deliver the ESA
6 Program goal to reduce customers' bills and address their health, comfort and safety.
7 Additionally, SoCalGas strongly recommends that the Staff Proposal reevaluate the savings
8 ranges for the tiers, as well as differentiate between electric and natural gas savings. SoCalGas
9 recognizes ED's desire to achieve deeper energy savings, but as presented in SoCalGas'
10 comments to the Staff Proposal, the savings percentages do not reflect reality for natural gas
11 savings on a household level and are not attainable.⁶ Should the tiered proposal and targets be
12 adopted, SoCalGas will work with ED through the proceeding on an appropriate upper band for
13 natural gas savings in each tier. SoCalGas looks forward to working with stakeholders, ED, and
14 the Commission throughout the new cycle, to incorporate ideas from the Staff Proposal and the
15 intervenor testimony, to the program designs proposed in the filed applications.

16 **B. SoCalGas Corrects PCF Testimony Statement Regarding Utilities Interests**

17 PCF's discussion concerning SoCalGas shareholder interests in keeping customers
18 dependent on gas is incorrect. PCF states in testimony:

19 Unlike the utilities, the Energy Division can focus on customer needs as
20 opposed to the interests of shareholders. For instance, SoCalGas
21 shareholders have an interest in supplying gas- fueled space heaters and
22 water heaters, and traditional gas-fired combustion generation, so that
23 customers remain dependent on gas, but customers and society as a whole
24 would enjoy far greater benefits from electric heat pumps and solar-plus-
25 battery backup power.⁷

⁶ Response of SoCalGas to ALJ Ruling Seeing Comments (June 25, 2020) at pp. 14-15.

⁷ Prepared Direct Testimony of Bill Powers on behalf of PCF at p. 10.

1 PCF overlooks SoCalGas’ legislatively codified obligation to serve customers by
2 providing heating fuel for the benefit of core customers and in the public interest.⁸ SoCalGas is
3 fully committed to serving its customers with energy efficiency services (“EE”) and promoting
4 their health comfort and safety, and is aligned with the State’s greenhouse gas (GHG) emissions
5 reduction goals. SoCalGas’ ESA Program proposal reflects this commitment in a thoughtful,
6 innovative, and cost-effective manner, and should be approved.

7 **C. SoCalGas Supports A Formal Regulatory Process to Develop ESA Goals**

8 The testimony of The Utility Reform Network (“TURN”) recommends that the
9 Commission should launch a formal regulatory process to develop revised targets for energy
10 savings and for other program goals upon the completion of a potential study.⁹ SoCalGas
11 disagrees and instead recommends that the IOUs, stakeholders, and independent low-income
12 segment experts leverage the current Potential and Goals (“P&G”) study to provide better and
13 more accurate input and perspective of the low-income market. This is in line with TURN’s
14 testimony which states that the last P&G study was flawed in evaluating the low-income sector.¹⁰
15 Upon conclusion of the P&G study, parties were able to determine more consistent targets and
16 goals, but until the current P&G study is completed, SoCalGas does not recommend TURN’s
17 recommendation for the Commission to issue another formal regulatory process to establish
18 goals for the ESA Program.

⁸ Pub. Util. Code § 451 requires every public utility to furnish and maintain adequate, efficient, just and reasonable service as necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public.

⁹ Prepared Direct Testimony of Alice Napoleon on behalf of TURN at p. 29.

¹⁰ Prepared Direct Testimony of Alice Napoleon on behalf of TURN at pp. 19 – 20.

1 **D. SoCalGas Disagrees with Turn and Joint Parties Request That the**
2 **Commission Provide Guidance on The Repair or Replacement of Long-Lived**
3 **Fossil Fuel Measures and That Replacing Fossil Gas with Electricity Can**
4 **Reduce GHG**

5 The prepared direct testimony of TURN requests the Commission provide immediate
6 guidance to the IOUs on repair or replacement of long-lived fossil-fuel burning measures, and
7 should seek a framework to balance the risk of locking low-income customers into gas with cost
8 increases to participants for electrification measures.¹¹ TURN states that recent studies have
9 indicated that electrification of buildings is likely to be the least-cost means of decarbonizing the
10 building sector.¹² TURN suggests that by continuing to invest in natural gas measures for low
11 income customers, low income customers could see increased natural gas rates leading to higher
12 energy burdens.¹³ TURN claims that low income customers could experience gas rate increases
13 as follows:

14 When a utility incentivizes the installation of a new natural gas appliance
15 or heating, venting, and air conditioning (HVAC) equipment at a property,
16 the customer residing in that building is essentially locked into using
17 natural gas for the next 10 to 20 years. Having low-income customers
18 locked into natural gas creates significant risk when one considers the
19 anticipated decline in natural gas usage over the next 25 years as described
20 above. If natural gas use declines as projected, the fixed costs needed to
21 maintain and operate the gas system will end up being spread out over
22 fewer units of gas sales, which in turn will increase costs for customers
23 that remain on the gas system.¹⁴

24 SoCalGas strongly disagrees. The reality is that currently, on an energy equivalent basis,
25 electric ratepayers are paying four times as much for electricity than they are for gas and the
26 rates of the electric utilities are dramatically increasing to combat their systems vulnerability to

¹¹ *Id.* at p. 3.

¹² *Id.* at p. 44.

¹³ *Id.* at p. 46.

¹⁴ *Id.*

1 climate change and the resulting issues that come with that.¹⁵ Moving away from low cost
2 natural gas in favor of electricity is costly from both an initial investment standpoint as well as
3 from an ongoing utility rate perspective, and doing so would not make sense for low-income
4 Californians.

5 Requiring low-income customers to switch to costly electric appliances to avoid
6 investment in long-lived gas appliances does not make financial sense. The initial increased cost
7 of the appliances, along with the panel upgrades this switch requires, is cost prohibitive for most
8 low-income families. The cost to upgrade to a 200-amp panel can average from \$1,500 to
9 \$3,000. The upgrade involves a licensed electrician, the utility company, and a local building
10 inspector for a building permit to have the work done. Further, adding all electric appliances can
11 be disruptive, costly and compound a customer's climate vulnerabilities from power outages. For
12 example, an article in GreenTech Media documented a highly motivated former Sierra Club
13 employee and current ClimateWorks Foundation employee's effort to switch all their gas
14 appliances to electric.¹⁶ The costs were in the thousands of dollars and the ClimateWorks
15 Foundation representative borrowed money in order to pay for the switch. *"The Guays paid*
16 *\$13,100 for the installation of an 18,000-BTU mini ducted heat pump from Fujitsu and*
17 *accompanying duct work. A-1 had to install duct work for the unit because the home had lacked*
18 *central heating."*¹⁷ Replacing or repairing existing gas equipment with long-lived clean burning
19 equipment makes financial sense for the low-income customer.

¹⁵ <https://www.eia.gov/state/data.php?sid=CA#Prices> (Converted to energy equivalent basis or in units of \$/MMBTU, natural gas prices for residents from EIA report is \$14.57/MCF which equals \$14.10/MMBTU (conversion factor 1030 BTUs/cubic foot) . For electricity residents pay 19.79 cents/kwh which translates to \$58/MMBTU (conversion factor 3412 BTU/kwh). $\$58/\$14.10= 4 \times$ more costly than natural gas.

¹⁶ GreenTech Media, What Does It Take to Electrify Everything in Your Home?, April 2, 2018, available at <https://www.greentechmedia.com/articles/read/what-does-it-take-to-electrify-everything-in-your-home>.

¹⁷ *Id.*

1 Joint Parties also argue that replacing fossil gas with clean electricity can dramatically
2 reduce greenhouse gas emissions in California and that the switch from gas and propane to clean
3 electricity can also provide significant economic and health benefits that are particularly vital for
4 low-income residents.¹⁸ In reality, the electric grid is still not clean enough and won't be until at
5 least the 2030 timeframe to get emission reductions now from the potential increased efficiencies
6 that all-electric appliances can provide, such as electric heat pumps.¹⁹ Unfortunately, this means
7 that emissions will likely increase from use of electric appliances, like heat pumps for four
8 reasons: higher carbon intensity of the electric versus gas grid, the increased leakage of super
9 high global warming refrigerants where none existed before, the increased electric load where
10 none existed before and the time of use of the heat pump where renewables are not dominant.²⁰
11 Although an electric heat pump may have good efficiency at the end-use, the fact that it
12 introduces a super high global warming pollutant hundreds of times more powerful than carbon
13 dioxide (i.e. refrigerant) that is also an ozone-depleting substance where none may have existed
14 before is not supportive of reducing emissions and adds a much more powerful and unnatural
15 global warming pollutant to the GHG inventory.²¹ In fact, refrigerant emissions is one of the few
16 greenhouse gas emissions that have actually gone up in California Air Resources Board's GHG
17 inventory.²²

18 On May 17, 2019, the Commission established R.19-01-011 in order to create a policy
19 framework surrounding the decarbonization of buildings. "The Commission designed this OIR
20 to be inclusive of any alternatives that could lead to the reduction of GHG emissions associated

¹⁸ Prepared Direct Testimony of Jeanne Clinton on behalf of the Joint Parties at p. 20.

¹⁹ <https://www.aiso.com/Documents/2020SummerLoadsandResourcesAssessment.pdf>.

²⁰ *Id.*

²¹ <https://www.epa.gov/ghgemissions/understanding-global-warming-potentials>.

²² https://ww3.arb.ca.gov/cc/inventory/pubs/reports/2000_2017/ghg_inventory_trends_00-17.pdf.

1 with energy use in buildings to further the State of California’s goals of reducing economy-wide
2 GHG emissions 40 percent below 1990 levels by 2030 and achieving carbon neutrality by 2045
3 or sooner.”²³ SoCalGas’ ESA testimony for the PY 2021-2026 Low Income application states
4 that SoCalGas fully supports the implementation of EE programs to meet the State’s climate
5 goals as EE is one of the most cost-effective pathway to reduce GHG emissions and keep energy
6 affordable for low-income customers.²⁴ SoCalGas is considering ways in which its ESA
7 Program may partner or leverage new offerings for building decarbonization for low-income
8 customers. For example, SoCalGas included measures that will speed up replacement of
9 inefficient equipment with new innovative technologies like high efficiency wall furnaces and
10 solar thermal water heating. SoCalGas is also including measures that address central space and
11 water heating systems for low-income multi-family buildings.²⁵

12 **E. SoCalGas’ ESA Program Administrative Budget Is Not 13.7% And There**
13 **Should Not Be an Administrative Cap Of 10%**

14 SoCalGas disagrees with the administrative budget limitations proposed in the testimony
15 of California Public Advocates Office (“Cal Advocates”). SoCalGas’ administrative budget is
16 not 13.7% of its total ESA Program budget for the program year (“PY”) 2021-2026 cycle, as
17 claimed by Cal Advocates.²⁶ As described in SoCalGas’ ESA Program testimony, SoCalGas
18 indicates that its General Administration category includes labor and non-labor costs associated
19 with the management and administration of the program.²⁷ However, as there was no clear or
20 consistent Commission guidance regarding what costs should be recorded as General
21 Administration, SoCalGas requested in its Application that the Commission establish what

²³ Assigned Commissioner’s Scoping Memo and Ruling for R.19-01-011 (May 17, 2019) at p. 1.

²⁴ Prepared Direct ESA Testimony of Mark Aguirre and Erin Brooks at p. 112.

²⁵ *Id.*

²⁶ Prepared Direct Testimony of Stanley Kuan on behalf of Cal Advocates at p. 5.

²⁷ Prepared Direct ESA Testimony of Mark Aguirre and Erin Brooks at pp. 55-56.

1 should be included or excluded from administrative program costs.²⁸ For the purposes of the
2 Application, SoCalGas interprets Regulatory Compliance and General Administration as
3 “administration.”²⁹ Given this interpretation, these two line item categories combined gives
4 SoCalGas an administrative budget of 6.9% for six-year average program cycle, which is
5 considerably lower than the 13.7% average stated in Cal Advocates’ testimony.³⁰ SoCalGas
6 believes Cal Advocates’ testimony may be including all of the “below-the-line” categories such
7 as training, inspections, marketing and outreach, studies and Energy Division costs in its
8 calculations which is inflating what they believe to be General Administration. This further
9 illustrates the need for the Commission to issue clear guidance on this cost categorization.

10 In addition, SoCalGas disagrees with Cal Advocates’ testimony requesting the
11 Commission to establish an administrative cap of 10% before issuing guidance on cost
12 categorization.³¹ As illustrated in this case, where Cal Advocates and SoCalGas arrived at two
13 very different values for what is interpreted to be administrative program costs, without this
14 guidance there is potential for further challenges and disagreement about whether an IOU is
15 within an established cost cap. SoCalGas urges the Commission to develop guidance much like
16 the cost categories in the Energy Efficiency proceeding to avoid confusion and assumptions.
17 This can be achieved through a stakeholder working group with ED, the IOUs, and other
18 interested parties, and then put for as a Motion for the Commission to adopt.³² Until the
19 administrative cost is better defined, it is premature to establish any administrative cap.

²⁸ Prepared Direct Policy Testimony of Dan Rendler at p.10.

²⁹ Prepared Direct ESA Testimony of Mark Aguirre and Erin Brooks at p. 57.

³⁰ Prepared Direct Testimony of Stanley Kuan on behalf of Cal Advocates at p. 5.

³¹ *Id.* at p. 2.

³² Prepared Direct Policy Testimony of Dan Rendler at pp.10-11.

1 **IV. CONCLUSION**

2 SoCalGas remains committed to serving the low-income community through cost
3 effective and innovative programs that save energy, reduce energy burden and improve the
4 comfort and safety of our low-income customers. Based on few oppositions from intervenors and
5 the responses to intervenor concerns set forth above and in the rebuttal testimonies of my
6 counterpart SoCalGas witnesses, SoCalGas respectfully requests the Commission approve the
7 PY 2021 - 2026 CARE and ESA Program requests presented in A.19-11-006.

8 **V. STATEMENT OF QUALIFICATIONS**

9 My name is Erin P. Brooks. My business address is 555 W. 5th Street, Los Angeles,
10 California, 90013. I am employed at Southern California Gas Company as a Customer Programs
11 Policy & Support Manager.

12 My principal responsibilities are to manage SoCalGas' Energy Efficiency, Demand
13 Response, and Low Income Program policy and strategy, as well as Evaluation, Measurement,
14 and Verification and other program support activities. I joined SoCalGas in 2016 and have held
15 positions of increasing responsibility within the Customer Programs & Assistance department.
16 Prior to joining SoCalGas, I spent 5 years as a consultant with Navigant, evaluating energy
17 efficiency and low-income customer programs for utilities across North America. I earned a
18 Bachelor of Science degree in Industrial Engineering and Operations Research from the
19 University of California Berkeley. I am also a licensed Project Management Professional.

20 I have not previously testified before the Commission.