

Company: San Diego Gas & Electric Company (U 902 M)

Application: A.25-04-014

Exhibit: SDG&E-05

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

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



February 18, 2026

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1 continuing regional program administration.³ SDG&E’s experience administering these
2 programs confirms that the regional EE portfolio is no longer positioned to deliver meaningful,
3 cost-effective savings for customers.⁴ Cal Advocates correctly notes, “[i]ts [SDG&E’s]
4 programs also fail to meet adopted energy savings goals. The portfolio burdens ratepayers with
5 diminishing returns.”⁵ Therefore, SDG&E agrees with Cal Advocates and maintains that the
6 Commission should allow SDG&E to discontinue regional EE program administration,
7 “consistent with the State Auditor’s recommendation, Executive Order N-5-24, P.U. Code
8 § 454.55 and § 454.56.”⁶ This conclusion is supported by multiple performance indicators over
9 several portfolio cycles, which consistently show declining savings potential and increasing
10 administrative and implementation expense.⁷

11 Cal Advocates’ quantitative analysis further demonstrates the program administration
12 challenges facing SDG&E’s regional portfolio. As Cal Advocates highlights, “[f]rom Program
13 Years (PYs) 2021 through 2024, the average cost for SDG&E to save the same or reduced
14 energy and demand savings have increased by 270 percent and 108 percent, respectively. In

³ *Id.* at 1-4 – 1-5 (stating, “the energy efficiency savings and the efficiency targets established for SDG&E prove to be neither cost-effective nor feasible and hence require revisions.”).

⁴ Ex. SDG&E-04, Prepared Opening Testimony of Hollie Bierman on Behalf of San Diego Gas & Electric Company (January 15, 2026) (SDG&E Opening Testimony) at HB-1 (arguing, “[c]ontinuing to require SDG&E to administer its regional programs imposes unnecessary affordability pressures on customers while delivering minimal, often inconsequential, benefits to most of the region. SDG&E has demonstrated that participation in regional energy efficiency (EE) programs is low and the resulting Public Purpose Program (PPP) charge reduction associated with SDG&E closing regional programs is significant.”).

⁵ Cal Advocates Opening Testimony at 2-27.

⁶ *Id.*; see also Application of San Diego Gas & Electric Company to Revise Its 2024-2031 Energy Efficiency Rolling Portfolio Business Plan (April 25, 2025) (SDG&E Application) at 6 – 7.

⁷ See Opening Brief of San Diego Gas & Electric Company (September 5, 2025) (SDG&E Opening Brief) at 7-9. See also SDG&E’s Annual Reports, available at <https://cedars.cpuc.ca.gov/documents/standalone/list/>. See also Cal Advocates Opening Testimony at Figure 2-1.

1 other words, these programs require more ratepayer dollars to achieve the same or reduced
2 savings as EE spending becomes less efficient.”⁸ These escalating costs reflect the limited
3 remaining opportunities in the region, the culmination of long-term market transformation, and
4 the constraints imposed by San Diego’s moderate climate, which inherently limits the cost-
5 effective deployment of weather sensitive measures. Together, these factors demonstrate that the
6 continued operation of SDG&E’s regional EE portfolio would require increasing levels of
7 funding for diminishing returns, contrary to the Commission’s affordability and cost-
8 effectiveness objectives.

9 Given this, and consistent with Cal Advocates’ recommendation, SDG&E believes
10 closure would prevent further customer exposure to declining cost-effectiveness and align with
11 broader direction to reduce duplicative administrative costs, improve affordability, and ensure
12 that EE investments deliver measurable value. As such, SDG&E recommends the California
13 Public Utilities Commission (Commission or CPUC) approve its Application to discontinue
14 regional EE program administration.

15 **B. The Commission Maintains an Established Process for PAs to Request**
16 **Funding, which the SD CCAs Ignore**

17 The SD CCAs argue that regardless of SDG&E’s status as a regional PA, the
18 Commission should continue to foster EE opportunities and, if SDG&E withdraws, the
19 Commission should be prepared to approve up to at least the current levels of budget for regional
20 PAs.⁹

⁸ Cal Advocates Opening Testimony at 2-6.

⁹ Prepared Direct Testimony on Behalf of San Diego Community Power and Clean Energy Alliance in San Diego Gas & Electric Company’s Application to Revise Its 2024-2031 Energy Efficiency Rolling Portfolio Business Plan (January 15, 2026) (SD CCAs Opening Testimony) at 28.

1 The SD CCAs’ recommendation is inappropriate and premature. It fails to acknowledge
2 that the Commission already maintains a well-defined and comprehensive process for evaluating
3 and approving budgets for any PA, including RENs. A PA seeking ratepayer funding must file
4 an Application or Advice Letter (AL) with the Commission, support its proposed budget with a
5 demonstration that its programs are reasonable, and aligned with Commission policy objectives,
6 including affordability and cost effectiveness, where applicable.

7 The SD CCAs’ position attempts to prejudge a future Commission funding determination
8 and effectively directs the Commission to maintain historical spending regardless of the record,
9 cost-effectiveness, program performance, or customer impacts. Budgets are neither automatic
10 nor based on historical levels; they are evaluated on the merits of each individual Application,
11 the record developed, and the reasonableness of their request. Therefore, PAs cannot assume –
12 nor should the Commission presume – that any successor program administrator would receive a
13 fixed or predetermined budget simply by stepping into the role formerly held by SDG&E if
14 SDG&E’s Application is approved.

15 Cal Advocates notes that cost-effectiveness should be a consideration in the future if and
16 when PAs request additional spending for a new program.¹⁰ This proposed requirement is fully
17 aligned with the Commission’s established budget review process. As such, cost-effectiveness is
18 most appropriately evaluated during a PA’s budget request, when the PA submits its proposed
19 portfolio and the supporting record.

¹⁰ Cal Advocates Opening Testimony at 1-3 – 1-4 (arguing “[n]on-IOU PAs, such as RENs, undertake activities which are not fulfilled by SDG&E and are not held to cost-effectiveness requirements. As a result, further spending by a non-IOU PA may result in greater non-cost-effective spending and unduly increase rates for ratepayers.”).

1 In light of the regulatory vehicles already established, SDG&E urges the Commission
2 reject the SD CCA’s proposal.

3 **C. SDG&E Disagrees that Benefits of Regional EE Outweigh the Cost**

4 SDG&E disagrees with the SD CCAs’ assertion that the benefits of continuing a regional
5 EE portfolio outweigh the associated costs and likewise rejects the claim that SDG&E’s
6 projected customer savings are “artificially inflated.”¹¹ These arguments rest on fundamental
7 mischaracterizations of SDG&E’s methodology, misunderstandings of the Commission’s
8 budgeting and cost recovery framework, and an inaccurate portrayal of how authorized EE
9 budgets operate in practice.

10 **1. SDG&E’s Customer Savings Calculation is Not Artificially Inflated**

11 The SD CCAs challenge SDG&E’s projected customer savings associated with
12 SDG&E’s proposed exit from regional portfolio administration and argue that SDG&E’s
13 analysis is fundamentally flawed for three reasons: (1) SDG&E’s savings calculation assumes no
14 successor PA would step in to maintain continuity of service; (2) SDG&E assumes it would
15 otherwise spend its full authorized \$300 million portfolio budget; and (3) SDG&E assumes
16 customers derive no value from programs that would be closed.¹²

17 **a. SDG&E’s Savings Calculations Do Not Assume Another PA**
18 **Will Step In, Nor Would SDG&E Support a Successor PA**
19 **Increasing Budget Commensurately**

20 The SD CCAs claim SDG&E’s savings calculation is flawed because it “assumes another
21 PA will not step in” misinterprets SDG&E’s approach.¹³ SDG&E’s projected \$300 million in
22 customer savings between 2026-2031 is based solely on the costs SDG&E would no longer

¹¹ SD CCAs Opening Testimony at 11 – 14.

¹² *Id.* at 11.

¹³ *Id.*

1 recover from customers if SDG&E discontinues regional portfolio administration.¹⁴ SDG&E is
2 not requesting another PA step in to take over regional portfolio administration; to the contrary,
3 the intent of SDG&E’s application is to save customers money and halt the administration of
4 non-cost-effective regional programming.

5 Furthermore, SDG&E did not incorporate assumptions about a successor PA taking on a
6 comparable budget because any determination about whether another PA would administer a
7 regional EE portfolio, and at what scale, rests entirely with the Commission. To the contrary,
8 and as noted several times in this proceeding, “SDG&E’s Application does not presume the
9 Commission would rely more heavily on the San Diego Regional Energy Network (SDREN) as a
10 PA in the San Diego Region . . . [i]nstead, SDG&E’s Application addresses affordability
11 concerns by proposing to close its regional programs in favor of funding statewide programs led
12 by other PAs and funding SDREN’s programs.”¹⁵

13 Moreover, SDG&E would not support cost increases to other regional PAs that would
14 effectively negate the affordability benefits of SDG&E’s exit, particularly if the budget was to
15 support non-cost-effective EE programs. As such, it would be inappropriate and premature for
16 SDG&E to presume that the Commission would authorize any successor PA to receive a
17 commensurate budget.

¹⁴ SDG&E’s Application states that if SDG&E’s Application is authorized, it will yield “approximately \$300 million in savings for ratepayers over a six-year period.” *See* SDG&E Application at 9.

¹⁵ *See* Reply Brief of San Diego Gas & Electric Company (September 26, 2025) (SDG&E Reply Brief) at 10; *see* Opening Brief of San Diego Gas & Electric Company (September 5, 2025) (SDG&E Opening Brief) at 12 – 13; *see also* SDG&E Application at 7.

1 **b. The SD CCAs’ Assertion That SDG&E Assumes Full Use of Its**
2 **Authorized \$300 Million Budget Misunderstands the**
3 **Commission’s Cost Recovery Framework and the Rolling**
4 **Portfolio True Up Process**

5 The SD CCAs argue that SDG&E’s Application assumes that absent withdrawal,
6 SDG&E would spend its full \$300 million portfolio budget.¹⁶ However, this assertion
7 misunderstands the true-up function, and cost recovery structures, established by the
8 Commission in the EE space. SDG&E’s calculation is based on authorized budget levels
9 between 2026-2031, not expenditures, because that is the best calculation of customer impact.
10 Under the Commission’s cost recovery structure, authorized budgets net of unspent uncommitted
11 EE funds, not actual expenditures, determine what SDG&E collects from customers.¹⁷

12 The SD CCAs also argue SDG&E’s Application is flawed because it “does not
13 recognize” updated expenditure forecasts reflected in SDG&E’s Mid Cycle -True Up- Advice
14 Letter (MCAL).¹⁸ They point to the revised 2024 spend and the updated 2026–2027 portfolio
15 forecasts included in the MCAL as evidence that SDG&E’s savings estimate is overstated.
16 However, this critique overlooks a critical fact: SDG&E’s Application was filed in April 2025,
17 approximately four months before the Potential and Goals Decision (D.) 25-08-034 was

¹⁶ SD CCAs Opening Testimony at 11.

¹⁷ See Ex. SDG&E-01, Prepared Direct Testimony of Hollie Bierman (Update to SDG&E’s 8-Year Strategic Business Plan) (April 2025) at Table HB-8 and associated n.48 at HB-18.

¹⁸ SD CCAs Opening Testimony at 11 – 12.

1 approved,¹⁹ and six months before the MCAL was submitted.²⁰ Because the MCAL did not exist
2 at the time of SDG&E’s Application filing, SDG&E could not have incorporated values from the
3 MCAL into its Application, nor was it required, or permitted, to rely on unapproved forecasts.
4 Using the MCAL retroactively to criticize SDG&E’s Application is inappropriate given
5 portfolios are constantly changing and SDG&E’s Application represents a moment in time. The
6 SD CCAs’ argument assumes hindsight on a filing that relied, appropriately and necessarily, on
7 the Commission-approved record available at that time.

8 Lastly, it is notable that the SD CCAs emphasize near-term budget adjustments
9 associated with 2026-2027 while disregarding the fact that SDG&E’s cost savings would extend
10 beyond 2031. SDG&E quantified approximately \$300 million in savings based on a comparison
11 to approved budgets from SDG&E’s 2022 Application, since approved budget data were not
12 available for later years. Accordingly, the \$300 million estimate reflects savings over a six-year
13 period. If approved, however, SDG&E expects these cost savings to persist beyond 2031,
14 resulting in cumulative savings that exceed the \$300 million identified for the initial six-year
15 timeframe.

¹⁹ SDG&E is required to design a portfolio forecast that achieves the Commission’s targets set forth in the Potential and Goals studies. Those studies establish a fixed total system benefit goal, and as such, the resulting portfolio budget within true up advice letters are constrained by that requirement. The true up advice letters reflect the minimum level of funding necessary to meet the Commission’s target with a cost-effective Resource Acquisition segment. The MCAL, is an adjustment based on real portfolio performance and updated conditions. Those conditions cannot be known until the portfolio is already underway and the next cycle is well in progress.

²⁰ SDG&E AL 4747-E /3469-G was submitted on November 4, 2025. Subsequently, AL 4747-E /3469-G was approved December 29, 2025 and effective December 4, 2025.

1 modestly exceed costs.²⁶ However, the SD CCAs selectively cite this forecast while failing to
2 acknowledge SDG&E’s accompanying discussion in the MCAL, which explicitly cautions that
3 these values are forward looking projections submitted for compliance purposes, not guarantees
4 of actual performance.²⁷ Specifically, SDG&E noted in its MCAL:

5 While SDG&E anticipates compliance based on current forecasts, historical
6 trends suggest such forecasts often do not materialize as projected. For instance,
7 SDG&E’s True-Up Advice Letter filed on October 16, 2023, projected SDG&E
8 would achieve 182% of its Total System Benefit (TSB) goal for 2024. In
9 practice, SDG&E achieved 112%. Although this may appear favorable, the actual
10 portfolio outcomes were around 40% less than forecasted for that year; meaning
11 that forecasts may be significantly different from actual outcomes. SDG&E’s
12 MCAL forecasts performance much closer to 100% of the annual targets. If
13 historical patterns persist, actual results may fall significantly short of forecasted
14 values. Furthermore, SDG&E’s forecast anticipates meeting the 1.0 cost-
15 effectiveness threshold for the resource acquisition segment. However,
16 historically, SDG&E has not met this minimum threshold in practice. Such
17 discrepancies do not represent value for SDG&E’s customers.²⁸

18
19 By omitting this critical context, the SD CCAs present an incomplete and overly
20 optimistic portrayal of SDG&E’s portfolio performance and overstate the certainty of any net
21 economic benefits to all customers. SDG&E’s \$300 million savings estimate does not deny the
22 existence of theoretical or projected benefits; rather, it reflects the documented reality that
23 forecasted cost-effectiveness has frequently failed to translate into realized economic
24 outcomes.²⁹ Recognizing this distinction is essential to evaluating the true value of continued
25 regional EE portfolio administration.

²⁶ SD CCAs Opening Testimony at 13.

²⁷ SDG&E AL 4747-E/3469-G at 1 – 2.

²⁸ *Id.* (citations omitted).

²⁹ See SDG&E Opening Brief at 7-9. See also SDG&E’s Annual Reports, available at <https://cedars.cpuc.ca.gov/documents/standalone/list/>. See also Cal Advocates Opening Testimony at Figure 2-1.

1 **D. Cost-Effectiveness Changes to Incorporate Non-Energy Benefits are Outside**
2 **the Scope of SDG&E’s Application**

3 The SD CCAs note concerns around the TRC test, asserting that it does not fully capture
4 non-energy benefits and therefore understates the value of certain EE investments.³⁰ The SD
5 CCAs further urge the Commission to exercise caution in reaching conclusions in this
6 proceeding in light of potential future changes to the Commission’s cost-effectiveness
7 framework.³¹

8 As noted above, the SD CCAs argument for, or against, the TRC is irrelevant and out of
9 scope to the instant Application. The Commission intends to consider potential revisions to its
10 current cost-effectiveness policy, including the treatment of non-energy benefits in R.25-04-010,
11 as indicated in the Scoping Memo.³² SDG&E maintains that this Application should be
12 evaluated based on the Commission’s existing and operative cost-effectiveness framework.

13 Accordingly, SDG&E respectfully submits that arguments regarding the treatment of
14 non-energy benefits are outside the scope of the instant Application.

15 **III. CONCLUSION**

16 SDG&E maintains that its Application is reasonable in light of the whole record,
17 consistent with law, consistent with Commission policy, and in the best interest of SDG&E’s
18 customers, given the ongoing affordability crisis. Cal Advocates correctly concludes, SDG&E’s
19 regional EE portfolio is no longer cost-effective or feasible, imposes increasing costs on

³⁰ SD CCAs Opening Testimony at 18 – 21.

³¹ *Id.* at 20.

³² Rulemaking (R.) 25-04-010, Assigned Commissioner’s Scoping Memo and Ruling (July 23, 2025) at 4 (stating, “[t]his proceeding will provide a venue for the Commission to review energy efficiency portfolio for consistency with policy objectives, including affordability, decarbonization, and reliability, and to establish processes for continued Commission oversight.”).

1 customers for diminishing returns, and fails to meet adopted energy savings goals.³³ Allowing
2 SDG&E to close its regional programs aligns with the State Auditor’s recommendations,
3 Executive Order N-524, and Public Utilities (P.U.) Code sections 454.55 and 454.56, while
4 advancing the Commission’s affordability and cost-effectiveness objectives.³⁴

5 The arguments raised by the SD CCAs do not undermine this conclusion. Proposals to
6 maintain regional EE funding at current levels, regardless of program performance or cost-
7 effectiveness, would improperly prejudge future Commission funding determinations. Similarly,
8 the SD CCAs’ challenges to SDG&E’s customer savings estimates rest on mischaracterizations
9 of SDG&E’s methodology and misunderstandings of the Commission’s cost recovery
10 framework. Bottom line, those challenges fail to account for the documented gap between
11 forecasted and realized portfolio performance that supports SDG&E’s proposal.

12 Finally, while broader questions regarding cost-effectiveness methodology and the
13 treatment of non-energy benefits may warrant future consideration, those issues are already
14 slated for examination in R.25-04-010 and do not provide a basis to delay or qualify Commission
15 action in this proceeding, which is governed by existing, operative policy. There is no reason not
16 to address SDG&E’s current situation in the near-term, as a customer protection in line with state
17 affordability goals, while the Commission continues to arbitrate its good judgment on future
18 programs, designs, and cost-effectiveness models.

19 For these reasons, SDG&E respectfully requests the Commission approve SDG&E’s
20 Application, allow SDG&E to discontinue regional EE program administration, and adopt

³³ Cal Advocates Opening Testimony at 1-5 and 2-27.

³⁴ *Id.* at 2-27; *see also* SDG&E Application at 6 – 7.

1 appropriate safeguards to ensure any future incremental EE investments in the San Diego service
2 territory demonstrate cost-effectiveness and deliver measurable value to customers.

3 This concludes my rebuttal testimony.