

Company: San Diego Gas & Electric Company (U 902 M)
Proceeding: 2028 General Rate Case
Application: A.26-06-____
Exhibit: SDGE-01

PREPARED DIRECT TESTIMONY OF SCOTT CRIDER
(POLICY)

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



June 2026

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1 need for policymakers to reform the state’s wildfire framework to promote affordability, safety,
2 and resiliency, and SDG&E remains actively engaged in this effort.

3 Similarly, employee medical benefit costs are projected to increase by approximately
4 25% over the same period, reflecting broader health care cost trends across California.³ These
5 types of cost increases materially influence the overall revenue requirement and reflect broader
6 structural pressures – particularly in areas such as insurance and health care – that are affecting
7 utilities across California and contributing to upward pressure on customer bills.

8 At the same time, we recognize that customers are facing increasing cost pressures, and
9 that energy bills represent a meaningful share of household and business expenses. Consistent
10 with that reality, SDG&E has taken steps to identify and remove costs where possible. This Test
11 Year 2028 General Rate Case (TY 2028 GRC) reflects SDG&E’s continued commitment to
12 managing affordability by restraining the costs it can control, while continuing to deliver safe
13 and reliable service, and protect customers and communities.

14 **Proven Performance: Delivering Safety, Reliability, and Customer Value**

15 SDG&E has consistently delivered strong performance in areas that matter most to
16 customers and communities, even as the operating environment has become more complex.
17 These results reflect a consistent focus on translating prior investments into measurable
18 outcomes for customers, including improved wildfire performance, reliable service, and
19 strengthened system safety over time.

20 ❖ ***Wildfire Safety and Risk Reduction*** - SDG&E is widely recognized as a national
21 leader in wildfire mitigation, particularly given the region’s extreme wildfire risk profile.
22 SDG&E’s sustained investments focus on preventing catastrophic outcomes before they occur –
23 protecting lives, communities, and long-term affordability by avoiding the far higher costs
24 associated with wildfire destruction and recovery. Our industry leading practices include
25 covered conductors, fire resistant steel poles, strategic undergrounding in highest risk areas,
26 advanced weather monitoring, vegetation management, drone inspections, and the use of
27 advanced wildfire risk data analysis and modeling to identify, prioritize, and mitigate risk across
28 the system. These data-driven capabilities allow SDG&E to continuously assess changing
29 conditions, refine risk models, and target mitigation efforts where they will have the greatest

³ See Ex. SCG-16/SDGE-20 (Compensation & Benefits testimony).

1 impact on safety and system resilience. Our service territory has experienced nearly two decades
2 without a catastrophic wildfire caused by SDG&E equipment – reflecting strong wildfire safety
3 performance in one of California’s most challenging operating environments.

4 ❖ ***Electric Reliability*** - SDG&E has consistently delivered strong reliability
5 performance, supported by sustained investments in grid hardening and resilience. These
6 ongoing investments are designed to improve restoration times during extreme weather events.
7 Operating a system with a substantial underground network and under increasingly demanding
8 conditions requires continued focus on both asset condition and restoration performance.
9 Independent industry benchmarks consistently rank SDG&E among the most reliable electric
10 utilities in the nation, underscoring disciplined operations and strong system performance.
11 SDG&E has received PA Consulting’s ReliabilityOne® Award for 20 consecutive years,
12 reflecting fewer and shorter outages than peer electric utilities.

13 ❖ ***Renewable Integration and Grid Modernization*** - SDG&E plays a critical role in
14 enabling California’s decarbonization goals while maintaining system reliability. While these
15 efforts expand access to renewable energy, they also increase the complexity of operating the
16 grid. As such, modernizing the grid is essential to safely and reliably deliver decarbonized
17 energy. SDG&E has long supported high levels of customer adoption of clean energy
18 technologies, including electric vehicles and solar rooftops – the latter of which benefits from
19 among the fastest interconnection timelines in the state. As of May 2026, approximately 25
20 percent of residential electric customers and 5 percent of non-residential customers participate in
21 Net Energy Metering and Net Billing Tariff programs, reflecting significant adoption of
22 customer-sited energy resources across the service territory. This level of adoption is substantial
23 and fundamentally changes how the grid operates – requiring more advanced system monitoring,
24 planning, and operational coordination to maintain reliability. It also underscores the importance
25 of rate structures and cost recovery mechanisms that appropriately reflect evolving usage
26 patterns and system demands. Through streamlined processes and continuous improvements,
27 SDG&E consistently exceeds the California Public Utilities Commission’s (CPUC or
28 Commission) interconnection performance benchmarks, helping customers connect decarbonized
29 and renewable resources more quickly and efficiently.

30 ❖ ***Customer Experience and Communications*** - SDG&E has implemented
31 meaningful improvements in how customers experience service, particularly during outages and

1 emergency events. The Company has strengthened outage communications to provide clear,
2 timely, and comprehensive information so customers can plan ahead and stay safe. SDG&E
3 delivers proactive multichannel outage alerts via text, email, voice, and mobile notifications in
4 22 languages and works closely with public safety agencies, tribal governments, and critical
5 facilities to protect vulnerable populations. SDG&E has also improved transparency during
6 service disruptions through enhancements to outage maps and restoration updates, providing
7 customers with greater visibility into outage status and expected restoration timelines. These
8 efforts were recognized in 2025 through the Chartwell Silver Award for Excellence in Outage
9 Communications, including best-in-class customer engagement during Public Safety Power
10 Shutoff (PSPS) events.

11 Beyond outage communications, SDG&E has expanded digital self-service capabilities to
12 provide customers with more convenient and responsive ways to manage their accounts.
13 Customers now have access to 24/7 digital tools that enable them to obtain information, resolve
14 issues, and manage their energy use without the need for manual interactions. AI-enabled tools
15 now support a growing share of routine customer inquiries, allowing faster resolution of common
16 issues and reducing wait times.

17 In addition, the Company has streamlined key customer-facing processes, including
18 reducing timelines for service connections and panel upgrades, improving coordination for
19 planned and unplanned work, and enhancing communication throughout the process. Tools such
20 as MyProject Center and the Customer Energization Portal have improved customer visibility
21 into project timelines and enabled more consistent and responsive communication. Collectively,
22 these improvements have enhanced customer experience, increased transparency, and made it
23 easier for customers to interact with SDG&E and manage their energy needs.

24 **What We Are Requesting in This Case**

25 This TY 2028 GRC request prioritizes the resources necessary to safely and reliably
26 operate SDG&E's system on a day-to-day basis, while meeting regulatory requirements and
27 addressing known risks. Our request is focused on essential work to:

- 28 • reduce wildfire and outage risk;
- 29 • protect the public, employees, and contractors;
- 30 • maintain and enhance system reliability and performance through ongoing
31 maintenance and modernization;

- 1 • strengthen information technology and cybersecurity capabilities supporting
- 2 system operations;
- 3 • maintain natural gas system safety and integrity; and
- 4 • support customer growth, system utilization, and electrification.

5 These core activities are supported by a limited set of primary cost drivers, including
6 wildfire mitigation, gas system integrity programs, gas and electric operations, infrastructure
7 modernization and technology investments, and increased insurance and medical costs.

8 Also, it is important to note the since the TY 2024 GRC, SDG&E has implemented
9 several efficiency measures, including workforce optimization efforts and a reduction in
10 operating costs, which have resulted in lower 2025 base year actuals – which in turn, translate
11 into lower TY 2028 and post-test year forecasts. As such, the efficiencies achieved by SDG&E
12 since the filing of our last GRC are embedded in the forecasted revenue requirements.

13 In addition, SDG&E proposes an earnings sharing mechanism to be effective during the
14 post-test years as an affordability measure to share profits or deficits between ratepayers and
15 shareholders when there is a change in actual returns compared to authorized returns.

16 Furthermore, consistent with the requirements established under SB 254,⁴ SDG&E has
17 excluded approximately \$258 million of fire risk mitigation capital expenditures from equity rate
18 base in this request, meaning the Company will not earn a return on equity on those investments.
19 SDG&E proposes to recognize the associated cost impacts over a one-year period. This
20 treatment reduces the overall cost impact to customers relative to traditional ratemaking and
21 reflects a disciplined approach to balancing necessary investment with affordability.

22 **II. OVERVIEW OF TEST YEAR 2028 GRC REQUEST**

23 In this section of my testimony, I summarize our TY 2028 revenue requirement request
24 and bill impacts, as well as our post-test year (PTY) ratemaking proposal. I also provide an
25 overview of the risk mitigation projects and programs put forth in the 2025 RAMP Report that
26 were integrated into the individual GRC witness areas. Finally, I highlight some of the measures
27 we have taken to streamline our GRC application, making it clearer and more transparent for the
28 Commission and the public at large.

⁴ Pub. Util. Code § 8386.10(a).

1 **C. Bill Impacts**

2 If the TY 2028 revenue requirement identified above is approved by the Commission, a
3 typical non-CARE⁶ electric residential bundled customer will see a monthly bill increase of
4 \$14.03 (or 7.1%),⁷ as compared to estimated rates for 2027. For gas customers, a typical
5 residential non-CARE customer will see a monthly bill increase of \$8.45 (or 13.0%), as
6 compared to estimated rates for 2027.⁸

7 **D. RAMP-to-GRC Integration**

8 As discussed in the Risk Management Volume (Ex. SCG-02/SDGE-02), SDG&E
9 identified its key safety risks and additional safety-related initiatives in its 2025 RAMP Report.
10 The risk mitigation projects and programs put forth in the 2025 RAMP Report were integrated
11 into the individual GRC witness areas where such activities are now included in SDG&E’s
12 revenue requirement request. As part of the transition from SDG&E’s 2025 RAMP Report to
13 GRC testimony chapters, SDG&E identified approximately 71 different risk mitigating activities
14 spread across 7 different GRC witness testimonies. Approximately 72% of capital expenditures
15 and 33% of O&M requested in this GRC support safety, reliability, and/or maintenance.

16 **E. Modifications to the GRC Application Presentation**

17 Following the decision in the last GRC, SDG&E (along with SoCalGas) considered
18 changes in the presentation of the GRC that could help the TY 2028 GRC align more with
19 Commission expectations and make the application clearer and more transparent. Accordingly,
20 SDG&E made several modifications to its GRC application.

21 First, in order to streamline the presentation of testimony, SDG&E has reduced the
22 number of witness areas by combining related subject matter areas where appropriate. In the TY
23 2024 GRC, SDG&E presented 48 witness areas for direct testimony. In this GRC, SDG&E
24 reduced the witness areas to 36. In addition, SDG&E minimized the number of instances of
25 “cross-referencing” – *e.g.*, where one witness presented the cost figures while another witness

⁶ California Alternate Rates for Energy.

⁷ A typical electrical residential customer is based upon an average of Coastal/Inland non-CARE bundled customers on basic service using 400 kWh of electricity per month.

⁸ A typical gas residential customer is based upon an average of residential non-CARE customers on basic service using 24 therms of gas per month. The average does not include California greenhouse gas climate credit distribution to residential customers.

1 presented the cost justification. For example, in the Information Technology (IT) witness area
2 (Ex. SCG-10/SDGE-14), SDG&E revised its approach to consolidate both the costs figures and
3 the justifications for IT projects within the IT testimony and workpapers in order to facilitate
4 review.

5 Second, SDG&E has prioritized its request to focus on core utility operations. Whereas
6 the TY 2024 GRC included proposals focused on accelerating the clean energy transition
7 through innovation and various sustainability initiatives, this GRC emphasizes our core business
8 and support organizations, and demonstrates a highly disciplined approach toward minimizing
9 operating costs while limiting investments to those that are necessary to prevent safety incidents,
10 maintain system integrity, meet regulatory and compliance requirements, and continue to
11 optimize efficiency.

12 Third, in addition to providing the TY 2028 forecast, SDG&E's testimony and
13 workpapers now include the forecast for PTYs (*i.e.*, 2029, 2030 and 2031) to demonstrate how
14 the capital projects presented as part of the TY 2028 forecast will be funded in the PTYs.

15 **III. OPERATIONAL NEEDS DRIVING THE TEST YEAR 2028 REQUEST**

16 Continued focus on both electric and gas systems provides superior safety and reliability
17 benefits at a more affordable cost for customers. On the electric side, operating and expanding a
18 safe, resilient and increasingly decarbonized grid is paramount and includes: (1) modernizing our
19 distribution system, (2) enabling load growth, (3) expanding electric transmission, (4) operating
20 and optimizing our power generation fleet, and (5) maintaining leadership in wildfire safety. On
21 the gas side, safe and affordable energy remain essential for reliability. Accordingly, SDG&E
22 continues to focus on: (1) safe gas distribution and transmission, and (2) strategic pipeline
23 replacement and gas compression enhancements. In the following sections, I highlight some of
24 the key operational activities and requests that are driving the TY 2028 request.

25 **A. Electric Distribution**

26 SDG&E currently operates and maintains an electric distribution system that serves
27 approximately 3.7 million people, through approximately 1.55 million meters. The system
28 includes 132 distribution substations, 1,065 distribution circuits, 214,967 poles, 15,602 miles of
29 underground systems, 8,732 miles of overhead systems, and various other components of
30 distribution equipment. A significant portion of costs presented in the TY 2028 GRC support the
31 Company's investment in SDG&E's electric distribution system, including ongoing costs

1 required for its operation and maintenance. Capital projects presented in Electric Distribution-
2 Capital testimony (Ex. SDGE-08) are driven by several primary factors, including safety and risk
3 management, system reliability, capacity needs, and customer- or system-driven requirements.
4 These drivers include compliance with applicable laws and regulations, mitigation of identified
5 safety and reliability risks, accommodation of customer growth and electrification, and
6 replacement or reinforcement of aging infrastructure.

7 O&M expenses presented in the Electric Distribution-O&M testimony (Ex. SDGE-09)
8 support the activities necessary to operate and maintain SDG&E's electric distribution system,
9 including but not limited to, engineering, project management, system operations, inspections,
10 repairs, and employee training. O&M activities are influenced by several major trends both
11 within the utility industry and in SDG&E's operating environment, including costs that scale
12 with increased capital construction, shortages of skilled electric distribution labor, compliance
13 with evolving regulations, and increased maintenance costs associated with the growth of electric
14 distribution system automated equipment.

15 SDG&E notes that approximately 64% of SDG&E's electric distribution system is
16 underground. This is significantly higher than the statewide average for the California Investor-
17 Owned Utilities (IOUs) where the Commission estimates that only approximately 33%⁹ of
18 distribution lines are underground. In urban areas, the underground system can lead to higher
19 inspection and maintenance costs. In addition, labor resources require a higher level of training
20 (*i.e.*, Qualified Electrical Workers) to perform inspections of underground surface and subsurface
21 electrical facilities.

22 SDG&E's TY 2028 GRC also includes the Company's Grid Modernization Plan (GMP),
23 which outlines a 10-year vision to develop a safe, reliable, and flexible grid that delivers value to
24 customers.¹⁰ The GMP focuses on building a customer-centered system that accommodates
25 choice while maintaining affordability and reliability. This GRC presents the investments

⁹ See CPUC, *CPUC Undergrounding Programs Description*, available at:
<https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/infrastructure/electric-reliability/undergrounding-program-description>.

¹⁰ The Grid Modernization Framework was adopted in Decision (D.) 18-03-023 and requires utilities to provide their GMPs in their respective GRCs. Updates to this framework are being considered by the Commission in Rulemaking (R.) 21-06-017 (*see* R.21-06-017, Order Instituting Rulemaking to Modernize the Electric Grid for a High Distributed Energy Resources Future (June 24, 2021)).

1 needed in assets, infrastructure and technology to advance that vision, while supporting the
2 state’s goals for distributed energy resource (DER) adoption, transportation electrification, and
3 decarbonization.

4 **B. Wildfire Mitigation**

5 SDG&E constructs, maintains, and operates its electric system to minimize the risk of
6 catastrophic wildfire associated with its electric facilities. SDG&E’s wildfire mitigation and
7 vegetation management activities are designed to address increasing wildfire risk in the face of
8 ongoing climate change and are consistent with the requirements of Public Utilities Code (Pub.
9 Util. Code) Section (§) 8386, SB 901, and Assembly Bill (AB) 1054, as well as SDG&E’s
10 approved Wildfire Mitigation Plans. As part of this TY 2028 GRC, SDG&E applied a data-
11 driven, risk-based prioritization framework to target investments where they provide the greatest
12 wildfire risk reduction. Wildfire mitigations are concentrated in the High Fire Threat District
13 (HFTD), where environmental exposure and infrastructure risk are highest. This reflects the fact
14 that approximately 60% of SDG&E’s service territory is located in high fire risk areas, requiring
15 sustained and targeted mitigation efforts. This approach aligns with company goals of efficient
16 capital deployment and cost-effective risk mitigation while maintaining system reliability.

17 As noted above, SDG&E has developed a best in-class wildfire prevention and mitigation
18 program that serves as a model for adoption by other utilities. Indeed, SDG&E has not
19 experienced a utility-related catastrophic wildfire in its service territory for the past 18 years,
20 despite operating in one of the nation’s highest wildfire risk regions. This strong safety record
21 reflects a data-driven, risk-informed approach that applies mitigation strategies tailored to local
22 conditions and system vulnerabilities. However, recent events, such as the January 2025
23 wildfires in Los Angeles, demonstrate that low-probability, high-consequence “tail risk” events
24 can still occur despite advanced forecasting and mitigation efforts. Accordingly, SDG&E
25 continues to invest in wildfire mitigation to reduce both the likelihood and potential consequence
26 of wildfires, with a focus on long-term safety, reliability, and cost effective outcomes.

27 The forecasts presented in the Wildfire Mitigation and Vegetation Management
28 testimony (Ex. SDGE-07) reflect a transition in SDG&E’s strategy from operational, reactive
29 interventions, such as PSPS de-energizations and reliance on situational awareness, toward
30 sustained infrastructure-based wildfire resilience and reliability. This approach emphasizes
31 capital investments, including strategic undergrounding and installation of covered conductor,

1 that structurally reduce wildfire risk and lessen long-term reliance on operational mitigations
2 subject to operational error. SDG&E proposes to harden approximately 600 miles of distribution
3 infrastructure over the course of the GRC cycle, including 400 miles of undergrounding and 200
4 miles of covered conductor. These investments focus on high-risk circuits and are expected to
5 substantially reduce ignition probability and long-term reliance on PSPS, improving customer
6 reliability and resiliency outcomes. The portfolio is selected using risk-based analysis to
7 maximize safety benefits per dollar invested. While this shift requires significant capital
8 deployment, affordability remains central to SDG&E's approach. Investments are prioritized to
9 maximize risk reduction while managing customer cost impacts over time.

10 **C. Gas Distribution / Gas Major Projects**

11 SDG&E's gas distribution system consists of approximately 15,500 miles of
12 interconnected gas mains, services, and associated pipeline facilities that deliver natural gas from
13 the transmission system to approximately 915,000 customers across more than 1,400 square
14 miles. Maintaining safe and reliable service requires ongoing work to support daily system
15 operations, connect new customers, and maintain capacity and infrastructure.

16 SDG&E's Gas Distribution testimony (Ex. SDGE-04) presents the capital and O&M
17 costs necessary to safely operate and maintain the integrity of the gas system, consistent with
18 Federal and State requirements and public safety standards. These costs also support the
19 construction of new facilities driven by customer demand and operational needs. Capital
20 expenditures primarily support the installation, replacement, and relocation of distribution
21 pipeline infrastructure, while O&M expenses support activities such as leak surveys and repairs,
22 street restoration, facility inspections, corrosion detection via cathodic protection, pipeline
23 maintenance, and damage prevention through locate and mark programs.

24 SDG&E also continues to invest in pipeline infrastructure to support compliance with
25 applicable local, state, and federal regulations, including oversight by the U.S. Department of
26 Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) and the
27 Commission, while maintaining reliable service for customers. Programs such as the
28 Transmission Integrity Management Program (TIMP) and Distribution Integrity Management
29 Program (DIMP) enable ongoing risk mitigation, leak detection, corrosion prevention, and
30 compliance with evolving safety requirements.

1 The Gas Major Projects testimony (Ex. SDGE-06) presents the costs associated with
2 complex gas infrastructure programs, with a primary focus on safety and compliance-driven
3 work. These efforts include pipeline safety enhancements and integrity management activities
4 that support system reliability, public safety, and regulatory compliance. Major projects include
5 pipeline safety and integrity management programs, compressor and control center
6 modernization, and high-pressure distribution pipeline assessments.

7 A portion of the costs reflected in this application also relate to the recovery of prior
8 safety-driven infrastructure investments. For example, SDG&E previously completed the Line
9 1600 pipeline replacement project to comply with state safety requirements established following
10 the 2010 San Bruno incident. This project, which has been in service for several years,
11 modernized critical transmission infrastructure and enhanced system safety and reliability. In
12 D.24-01-007, the Commission directed SDG&E to present Line 1600 costs for reasonableness
13 determination in the GRC.¹¹

14 Additionally, costs included in this GRC relate to SDG&E's longstanding integrity
15 management programs that are rooted in state and federal requirements and are critical to the
16 safety of natural infrastructure. Distribution and transmission integrity management programs
17 (e.g., DIMP and TIMP) are established in alignment with federal and state regulations to identify
18 threats to pipeline infrastructure, determine the risk posed by the threats, schedule prescribed
19 assessments to evaluate the threats, identify mitigation measures, execute on those mitigations,
20 and continually collect information about the condition of the pipelines and facilities.
21 Accordingly, the costs included in this application reflect the recovery of completed investments,
22 as well as ongoing inspection, testing, and integrity management activities required under federal
23 and state pipeline safety regulations.

24 **D. Information Technology**

25 The IT organization provides foundational technology services and modernized platforms
26 necessary for SDG&E to perform essential work safely, reliably, and efficiently. The IT costs
27 presented in this GRC (Ex. SCG-10/SDGE-14) support day-to-day operations and establish the
28 technology foundation required for long term planning, regulatory compliance, and system
29 reliability. These costs also address technology lifecycle requirements, reduce operational and

¹¹ D.24-01-007, at 1 and 5.

1 cybersecurity risks associated with outdated systems, and enable the data, analytics, and
2 automation capabilities necessary to support core operational and regulatory functions. The
3 requested funding supports five primary areas:

- 4 **1. Continuation of essential IT operations** - Provides day-to-day support for
5 applications, software, and hardware that enable core utility functions, including
6 customer service, field operations, and enterprise systems.
- 7 **2. Modernization of aging and obsolete technology** - Upgrades end-of-life
8 systems to reduce cybersecurity and operational risks, improve maintainability,
9 and support safety and reliability requirements.
- 10 **3. Transition of appropriate systems to Cloud-based service models** - Migrates
11 and manages systems in cloud environments to improve resiliency, scalability,
12 and cost efficiency, while reducing reliance on aging infrastructure.
- 13 **4. Enablement of enterprise data, analytics, and automation capabilities** -
14 Enhances data management, analytics, and automation to support decision-
15 making, operational visibility, and workflow efficiency.
- 16 **5. Support for upcoming enterprise platform replacements** - Replaces major
17 enterprise systems (*e.g.*, resource planning, work management, human resources,
18 Geographic Information System (GIS)) nearing end-of-life to reduce
19 cybersecurity risk, maintain reliable operations, and limit legacy system
20 constraints.

21 **E. Cybersecurity**

22 SDG&E's cybersecurity activities are essential to protecting critical infrastructure, such
23 as electric and gas delivery systems, and safeguarding public safety, customers, and employees.
24 As a critical infrastructure provider, SDG&E faces significant risks from highly sophisticated
25 threat actors, with nation-state adversaries posing some of the most persistent threats to the
26 utility industry. At the same time, the expansion of DERs, cloud-based platforms, network-
27 connected devices and operational technology has increased the potential for cyber-attacks. In
28 SDG&E's service territory, these risks are further heightened by the scale of DER adoption and
29 the presence of critical national defense infrastructure like the Naval Base in San Diego,
30 underscoring the need for a resilient and secure energy system. A successful cyberattack could
31 create safety risks, disrupt critical operations, impair energy delivery across customer segments

1 (e.g., government, commercial, industrial, and residential customers), and/or compromise
2 sensitive customer or employee data. Cybersecurity efforts are also essential to comply with
3 increasingly prescriptive state and federal privacy and security requirements.

4 To address these risks, SDG&E must continue modernizing cybersecurity tools and
5 technologies, maintaining a highly skilled workforce, and implementing adaptive processes
6 capable of responding to evolving threats. As detailed in the Cybersecurity testimony (Ex. SCG-
7 11/SDGE-15), investments in digital security infrastructure are critical to strengthening the
8 Company's security posture.

9 **F. Insurance**

10 Sempra, on behalf of SDG&E and SoCalGas,¹² employs a disciplined and proactive
11 approach to insurance procurement and cost forecasting in a highly uncertain environment.
12 Despite strategies to enhance competition, stabilize pricing, and mitigate volatility, insurance
13 premiums – particularly for general excess liability and wildfire-related coverages – remain
14 difficult to predict due to factors often outside the Company's control, including litigation risk,
15 capital market conditions, and global catastrophe losses. As set forth in the CEA's SB 254
16 Report,¹³ the state is exploring potential reforms to the statewide framework of wildfire
17 mitigation, risk, and liability, which may in turn impact the pricing of insurance premiums.

18 SDG&E's insurance needs include three primary categories: (1) property coverage for
19 physical asset damage; (2) liability coverage for third-party claims; and (3) surety bonds for
20 contractual obligations. Sempra evaluates its insurance program annually, leveraging global
21 insurance brokers to negotiate with a broad panel of insurers, and to maximize competition and
22 reduce costs. As discussed in Insurance testimony (Ex. SCG-15/SDGE-19), additional
23 strategies, including long-term agreements and other risk-financing strategies help reduce cost
24 volatility and improve program affordability. However, external factors such as wildfire-related

¹² The Sempra Insurance department procures insurance for all of the Sempra family of companies, including SDG&E and SoCalGas. The reason that the purchasing of insurance is centralized at Sempra is to gain efficiencies and synergies in pricing. If SDG&E and SoCalGas, for example, were to establish separate insurance programs and towers, costs would increase.

¹³ CEA, *Enhancing California's Resiliency to Natural Catastrophes - Senate Bill 254 (2025) Study Report* (April 7, 2026), available at: <https://www.cawildfirefund.com/sb-254-natural-catastrophe-resilience-study>.

1 litigation,¹⁴ including cross-claims from the 2025 Los Angeles fires, continue to drive
2 uncertainty in insurer risk appetite, capital allocation, and pricing assumptions, despite SDG&E's
3 strong risk mitigation record.

4 **G. Customer Service**

5 Before seeking incremental funding, SDG&E has implemented significant improvements
6 to enhance service delivery while managing costs. Delivering high-quality customer service
7 remains a core operational priority, supported across multiple touchpoints, including customer
8 engagement, program delivery, field operations, digital services, billing and credit management.

9 As customer expectations evolve, SDG&E is focused on delivering more seamless,
10 personalized, and efficient experiences. Customers increasingly expect convenient, technology-
11 enabled interactions, and the Company is enhancing both digital and traditional channels
12 accordingly. Technology plays a central role in improving customer service, operational
13 efficiency, and affordability.

14 SDG&E's TY 2028 Customer Services forecast (Ex. SDGE-12) reflects a sustained focus
15 on efficiency. Targeted technologies and process improvements have reduced manual workloads
16 and constrained growth in operating costs. Expanded digital self-service tools, such as enhanced
17 Interactive Voice Response (IVR), chatbots, My Energy Center, and proactive customer
18 notifications – have shifted routine interactions away from live agents, reducing handling times
19 and enabling SDG&E to meet growing demand without proportional staffing increases.

20 In addition, increased adoption of paperless billing and digital communications has
21 lowered printing and postage costs, while automation has streamlined processes like medical
22 baseline applications. These efficiencies are embedded in the TY 2028 forecast. Operational
23 improvements across Customer Care and Customer Service Field and Meter Operations,
24 including streamlined workflows, enhanced training, and advanced analytics have further
25 improved productivity, reduced rework, and enhanced service consistency. As part of its cost
26 management strategy, SDG&E has also transitioned select billing, credit and collections, and
27 payment services to a managed service provider. This approach reduces overall O&M costs
28 while maintaining service quality.

¹⁴ Sempra, *SoCalGas Issues Statement on Southern California Edison's Eaton Litigation* (January 21, 2026), available at: <https://www.sempra.com/newsroom/press-releases/socialgas-issues-statement-southern-california-edisons-eaton-litigation>.

1 **IV. COMPREHENSIVE APPROACH TO AFFORDABILITY**

2 SDG&E recognizes that customers across California – particularly in high-cost regions
3 such as San Diego and southern Orange County – face growing financial pressures. Housing,
4 transportation, and other essential expenses continue to rise, and energy bills represent a
5 meaningful and unavoidable part of household and business budgets. In this environment,
6 affordability must be addressed thoughtfully and over time. While SDG&E controls only a
7 portion of the total customer bill, the Company remains focused on managing the costs within its
8 control while delivering safe and reliable service.

9 Customer bills reflect a mix of policy-driven programs, market conditions, and
10 investments required to operate the energy system safely and reliably. These include public
11 purpose programs, legacy net energy metering impacts, commodity costs, transmission
12 investments, and rising insurance costs associated with wildfire risk. In California, policy-driven
13 components including public purpose programs, legacy net energy metering, and wildfire
14 mitigation, can represent roughly 37% of a typical residential customer’s electric bill.¹⁵ These
15 and broader external factors continue to place upward pressure on affordability. SDG&E’s
16 approach focuses both on managing controllable costs and advancing regulatory and policy
17 efforts to address broader cost drivers. Below, I highlight SDG&E’s comprehensive approach to
18 managing customer costs.

19 **A. Cost Discipline and Operational Performance**

20 SDG&E’s approach to affordability begins with disciplined execution across its
21 operations. Delivering safe and reliable service in an increasingly complex environment requires
22 sustained focus on cost control, efficiency, and performance. Over the past rate case cycle,
23 SDG&E has implemented targeted actions to streamline operations and moderate customer costs,
24 efforts that are embedded in this GRC request. Key examples include:

- 25 • **Reducing the cost of strategic undergrounding** in high wildfire-risk areas by
26 approximately 50 percent per mile.
- 27 • **Returning value to customers through federal tax credits**, including
28 approximately \$300 million tied to decarbonization investments.

¹⁵ The Blue Sky Consulting Group, *Impact of State Policies on IOU Residential Electric Bills* (June 30, 2025), available at: <https://raterealities.com/wp-content/uploads/2025/07/IOU-Bill-Stack-Analysis-06.30.25-FINAL-1.pdf>.

- 1 • **Restructuring customer rates**, including implementation of the residential Base
2 Services Charge, lowering per-kilowatt-hour delivery costs for many customers.
- 3 • **Improving field and operational efficiency** through optimized work planning
4 and execution.
- 5 • **Strengthening procurement and sourcing strategies**, with approximately 90
6 percent of spending competitively sourced over the last three years.
- 7 • **Improving energization processes** to reduce timelines and costs while
8 improving customer experience (such as ~45% improvement in energization
9 timelines for panel upgrades and service line extensions) and supporting load
10 growth.

11 These efforts reflect SDG&E’s commitment to delivering customer-funded investments
12 efficiently. A Commission-ordered study conducted by Accenture confirms the Company’s
13 progress in embedding efficiency as a core operating principle.¹⁶ SDG&E’s operational
14 initiatives focus on core areas of the business – including workforce strategy, supply
15 management, and process optimization – and reflect how SDG&E is translating cost discipline
16 into day-to-day operations.

17 ***SDG&E’s Workforce Strategy*** - SDG&E has adopted a more centralized approach to
18 workforce planning, improving its ability to identify efficiencies and align resources with
19 business needs. Recent initiatives include:

- 20 • Voluntary Retirement Program (VREP): SDG&E implemented a voluntary
21 retirement program in Spring 2025 with over 270 participants.
- 22 • Reduction in Force (RIF) – Information Technology (IT): In August 2025,
23 SDG&E implemented a targeted workforce reduction in IT to align with evolving
24 priorities.
- 25 • Outsourcing for Select Functions: SDG&E selectively outsourced certain
26 functions—such as billing support and accounts payable – to third-party
27 providers.

¹⁶ *San Diego Gas & Electric Organizational Efficiency Study* (November 2025), attached as Appendix D to Compliance testimony (Ex. SCG-30/SDGE-30).

1 These efforts have contributed to measurable cost efficiencies. SDG&E reduced overall
2 headcount by approximately 5% in 2025, while maintaining safe and reliable operations and
3 addressing evolving customer and system needs.

4 ***Supply Management & External Workforce*** - Supply Management supports utility
5 operations so that materials and services are sourced and managed efficiently to support
6 customer and company priorities including reliability and affordability. SDG&E also maintains
7 a Supplier Diversity Program, which advocates for the participation of diverse businesses in
8 contracting opportunities with SDG&E in accordance with State of California goals as defined in
9 General Order 156.

10 SDG&E continues to strengthen procurement and supply chain management through
11 improved processes, governance, and digital tools. These efforts have contributed to a
12 meaningful reduction in total tracked external resources in 2025. SDG&E will continue to
13 manage external resources carefully while maintaining supplier diversity commitments.

14 ***Energization Process Optimization*** - Energization is a core service that enables SDG&E
15 to connect new customers and support increased demand for electricity, including growth driven
16 by electrification and large-load customers. As demand for new service connections grows,
17 SDG&E has improved the efficiency, transparency, and predictability of its energization process.
18 From 2020 to 2024, SDG&E's energized project volumes increased by approximately 19%
19 annually, while staffing levels remained relatively stable. New regulatory requirements –
20 particularly those established under SB 410 and related CPUC decisions – have introduced clear
21 expectations for shorter timelines, improved transparency, and enhanced reporting.

22 Process improvements and technology investments have delivered measurable results,
23 including reduced project timelines, improved customer communication, and increased on-time
24 performance:

- 25 • Reduced average project duration across all tariff types from ~184 to 147 days;
- 26 • Improved customer communication through defined milestones and single points
27 of contact;
- 28 • Increased in the percentage of projects meeting target timelines – from 51% to
29 64%; and
- 30 • Expanded capacity without proportional staffing increases.

31 Collectively, these efforts improve both customer experience and operational efficiency.

1 **B. Managing Costs Outside of SDG&E Direct Control**

2 SDG&E also works to address cost drivers outside its direct control through regulatory
3 and policy engagement. A significant portion of customer costs stems from state-mandated
4 programs and policies, including decarbonization initiatives, low-income assistance, wildfire
5 mitigation and liability requirements, and energy efficiency programs. SDG&E works with
6 policymakers and regulators to identify opportunities to improve how these costs are structured
7 and recovered in a manner that supports affordability for all customers.

8 These efforts include pursuing potential reforms to policy-driven programs such as
9 legacy net energy metering frameworks – which provide compensation to customers for exported
10 energy and influence how system costs are recovered across the customer base – and public
11 purpose programs, which fund state-mandated initiatives such as energy efficiency, low-income
12 assistance, and decarbonization programs. As these programs have evolved and participation has
13 grown, they have become an increasingly important component of customer bills. In this
14 context, SDG&E supports efforts to improve program design and cost recovery, including
15 evaluating program effectiveness and promoting efficient delivery of benefits. As part of this
16 effort, SDG&E has proposed the discontinuation of certain non-cost-effective programs, which
17 have the potential to reduce customer costs by approximately \$300 million over the 2026–2031
18 period.

19 Wildfire liability and insurance costs present a separate and growing external cost
20 pressure. These increasing costs reflect broader challenges in California, where wildfire risk,
21 climate conditions, and the current liability framework continue to drive higher insurance costs
22 for utilities, businesses, and residents.

23 As noted above, the California Legislature passed SB 254 in 2025, which directed further
24 study of wildfire mitigation efforts, the state’s liability structure, and the rising cost of wildfire
25 insurance. SDG&E supports efforts by the state to improve wildfire victim protections, reform
26 liability rules, and increase access to affordable insurance. Over time, such reforms could help
27 reduce wildfire-related costs and limit upward pressure on customer rates.

28 **C. Driving Load Growth to Reduce Pressure on Rates**

29 SDG&E supports targeted load growth – particularly from electrification and large load
30 customers, to better utilize the system and spread fixed costs across more usage, reducing
31 pressure on rates over time. Among other things, SDG&E’s investments enable the Company to

1 pursue large-load customers (such as data centers), which could potentially reduce average
2 delivery rates. In addition, SDG&E has made efforts to accelerate electric vehicle (EV) adoption
3 through Low Carbon Fuel Standard (LCFS)-funded incentives. Continued improvements in
4 energization processes further support this growth and enhance system utilization.

5 **D. Earnings Sharing Proposal & SB 254 Equity Exclusion Implementation**

6 SDG&E's GRC includes proposals to mitigate customer cost impacts relative to
7 traditional ratemaking.

8 ***Earnings Sharing Mechanism*** - To further support affordability and allow customers to
9 benefit from strong operational performance, SDG&E proposes a symmetrical earnings sharing
10 mechanism that maintains incentives for efficient utility operations while providing customers
11 with more timely benefits when performance is strong. The mechanism also includes safeguards
12 to ensure fairness in the case of extraordinary events. As explained in the PTY Ratemaking
13 testimony (Ex. SDGE-33), this symmetrical sharing framework is designed to balance ratepayer
14 protection with maintaining appropriate incentives for cost discipline and operational
15 performance. The proposed mechanism would apply during each of the PTYs (2029 through
16 2031). At the end of each PTY, this sharing mechanism would provide ratepayers a share
17 of productivity benefits while still providing SDG&E a fair opportunity to earn its authorized
18 rate of return, with a reciprocal structure applying in the event of significant downside.

19 ***SB 254 Equity Exclusion Implementation*** - SB 254 requires that SDG&E will not earn a
20 return on equity on approximately \$258 million in capital investments. In this GRC, SDG&E
21 proposes to implement this equity exclusion in a manner that is most beneficial to customers.
22 SDG&E proposes to amortize the net present value of this equity exclusion over one year, further
23 mitigating the test year bill impacts. This differs from the prior legislative mandated equity
24 exclusion¹⁷ where SDG&E implemented it over the life of the asset, rather than the proposed
25 one-time adjustment.

26 **V. CONCLUSION**

27 Our proposals in this GRC reflect a balanced, forward-looking approach that honors
28 established ratemaking principles, upholds the regulatory compact, and prioritizes safety,
29 reliability, affordability, and operational resilience. The investments we propose are necessary

¹⁷ See Pub. Util. Code § 8386.3(e).

1 for maintaining a modern, safe, climate-resilient energy system capable of supporting the state's
2 decarbonization goals and the evolving needs of our customers.

3 At the same time, we have taken a disciplined approach to managing costs – limiting
4 expenditures to those necessary for safe and reliable operations, pursuing efficiencies across core
5 functions, and advancing actions that help mitigate cost impacts for customers. Together, these
6 efforts reflect a focused commitment to delivering essential services while managing near-term
7 cost pressures and avoiding higher costs in the future.

8 This concludes my prepared direct testimony.

1 **VI. WITNESS QUALIFICATIONS**

2 My name is Scott Crider. I am President of SDG&E. My business address is 8330
3 Century Park Ct, San Diego, California 92123.

4 In my current position, I am responsible for overseeing all corporate functions at
5 SDG&E. I joined the Sempra family of companies in 2002, holding several leadership roles over
6 the years including chief customer officer, senior vice president of external affairs and operations
7 support, and vice president of federal affairs. I have a Bachelor of Arts in Law and Society from
8 the University of California, Santa Barbara and a certificate in budget and finance from
9 Georgetown University.

10 I have previously testified before the California Public Utilities Commission.

APPENDIX A
GLOSSARY OF TERMS

APPENDIX A - GLOSSARY OF TERMS

ACRONYM	DEFINITION
AB	Assembly Bill
CARE	California Alternate Rates for Energy
CEA	California Earthquake Authority
D.	Decision
DER	Distributed Energy Resource
DIMP	Distribution Integrity Management Program
EV	Electric Vehicle
GMP	Grid Modernization Plan
GRC	General Rate Case
HFTD	High Fire Threat District
IT	Information Technology
IOUs	Investor Owned Utilities
IVR	Interactive Voice Response
LCFS	Low Carbon Fuel Standard
O&M	Operations and Maintenance
PHMSA	Pipeline and Hazardous Materials Safety Administration
PSPS	Public Safety Power Shutoffs
PTY	Post-Test Year
RAMP	Risk Assessment and Mitigation Phase
RIF	Reduction in Force
ROR	Rate of Return
SB	Senate Bill
SDG&E	San Diego Gas & Electric Company
TIMP	Transmission Integrity Management Program
TY	Test Year
VREP	Voluntary Retirement Program