

**PUBLIC UTILITIES COMMISSION**505 VAN NESS AVENUE
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Ratesetting

TO PARTIES OF RECORD IN RULEMAKING 20-01-007:

This is the proposed decision of Administrative Law Judges David Van Dyken and Robyn Purchia. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's September 26, 2024 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ MICHELLE COOKE
Michelle Cooke
Chief Administrative Law Judge

MLC:avs
Attachment

Decision PROPOSED DECISION OF ALJS VAN DYKEN AND PURCHIA
(Mailed 8/23/2024)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to
Establish Policies, Processes, and
Rules to Ensure Safe and Reliable Gas
Systems in California and Perform
Long-Term Gas System Planning.

Rulemaking 20-01-007

**DECISION PARTIALLY GRANTING THE PETITION TO
MODIFY DECISION 22-12-021 AND CLOSING PROCEEDING**

TABLE OF CONTENTS

Title	Page
DECISION PARTIALLY GRANTING THE PETITION TO MODIFY DECISION 22-12-021 AND CLOSING PROCEEDING	1
Summary	2
1. Background	2
1.1. Submission Date	4
2. Issues Before the Commission	4
3. Legal Standard.....	5
4. Discussion	6
4.1. Compliance with Rule 16.4(d)	6
4.2. Timely Requests.....	8
4.2.1. Application of Safety Exemption	8
4.2.2. Piecemealing.....	10
4.2.3. Workshop After Annual Reports	11
4.2.4. Advice Letter	13
4.3. Untimely Requests	15
4.3.1. Reporting Requirements for Projects That Qualify for Safety Exemption	15
4.3.2. Requirement to Report on Project Alternatives	18
5. Closing the Proceeding and Filing Future GO 177 Reports	19
6. Summary of Public Comment.....	19
7. Conclusion	19
8. Procedural Matters	19
9. Comments on Proposed Decision	20
10. Assignment of Proceeding.....	20
Findings of Fact.....	20
Conclusions of Law	22
ORDER.....	23

**DECISION PARTIALLY GRANTING THE PETITION TO
MODIFY DECISION 22-12-021 AND CLOSING PROCEEDING**

Summary

In response to a petition for modification filed jointly by the California Environmental Justice Alliance, Environmental Defense Fund, Sierra Club, Southern California Generation Coalition, and The Utility Reform Network (Petition), this decision modifies Decision (D.) 22-12-021 to require gas utilities to convene a workshop within 60 days after the annual reports are submitted and to include the year 2025 in Ordering Paragraph 12. The Petition is denied in all other respects.

This is the Commission's seventh decision in the underlying Order Instituting Rulemaking (R.) 20-01-007. In D.24-03-057, which immediately precedes this decision, we recognized that R.20-01-007 did not scope several issues the Commission may want to examine as it considers long-term natural gas planning. To enable the Commission to consider these issues in a subsequent rulemaking, this decision closes R.20-01-007.

1. Background

The Commission issued this Order Instituting Rulemaking (OIR) on January 27, 2020, to respond to greenhouse gas legislation, gas operational issues and constraints, and gas pipeline and storage safety-related incidents.¹ In the following years, the Commission adopted six decisions. Five decisions address reliability standards, market structure, regulations, transmission pipelines and natural gas storage facilities, and the statutory deadline.²

¹ OIR 20-01-007 at 4.

² Decision (D.) 21-11-021 established an Operational Flow Order structure for Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) (jointly,

On December 8, 2022, the Commission issued D.22-12-021 and adopted general order (GO) 177, which provides a mechanism for the Commission and the public to scrutinize large gas infrastructure projects. GO 177 requires California gas corporations to apply for a Certificate of Public Convenience and Necessity (CPCN) under certain conditions and comply with reporting requirements. The greater regulatory oversight established by GO 177 helps the Commission balance the need for a reliable gas system and the risk that certain large gas infrastructure projects may offer limited benefits to a declining pool of ratepayers.

On March 1, 2023, California's gas utilities filed their first annual Report of Planned Gas Investments under GO 177.³ On June 27, 2023, Southern California Gas Company (SoCalGas), San Diego Gas & Electric Company (SDG&E), and Pacific Gas and Electric Company (PG&E) filed an amended annual report.⁴ SoCalGas, SDG&E, and PG&E then jointly convened a Report of Planned Gas Investments Workshop on October 16, 2023.⁵ On October 31, 2023, stakeholders

the Sempra Companies). D.22-04-042 extended the year-round SoCalGas Rule 30 Operational Flow Order winter non-compliance penalty structure and applied it to the Sempra Companies and Pacific Gas and Electric Company (PG&E). D.22-07-002 established a framework for a citation program when a utility fails to maintain adequate backbone capacity, amongst other matters. Resolution (Res.) UEB-013, issued on June 14, 2023, adopted a citation program to enforce compliance with natural gas utility minimum design standards in response to D.22-07-002. D.24-03-057 extends the statutory deadline for this proceeding to March 31, 2027.

³ GO 177, Section X (requiring every gas corporation to serve and file a Report of Planned Gas Investments for certain projects on or before March 1 of each year starting March 1, 2023).

⁴ *Administrative Law Judge's Ruling Directing Southern California Gas Company, San Diego Gas & Electric Company and Pacific Gas and Electric Company to File Amended 2023 Gas Investment Annual Reports* (June 7, 2023).

⁵ SoCalGas, SDG&E, and PG&E must jointly convene a Report of Planned Gas Investments Workshop "no less than 60 days from the date of filing their annual Report of Planned Gas Investments" for years 2023, 2024, and 2025. (D.22-12-021 at Ordering Paragraph (OP) 8.)

submitted comments on the Annual Report Workshop.⁶ On December 15, 2023, PG&E filed responses to party comments and SoCalGas and SDG&E filed a Joint Second Amended Annual Report.⁷

Meanwhile, on December 21, 2023, the Commission issued D.23-12-003 and resolved issues regarding transmission pipelines and natural gas storage facilities.

On February 9, 2024, the California Environmental Justice Alliance, Environmental Defense Fund, Sierra Club, Southern California Generation Coalition, and The Utility Reform Network (collectively, Petitioners) filed a petition for modification seeking modifications to GO 177 and D.22-12-021 (Petition). The Petitioners explain that the issues raised in the Petition are based on the first round of GO 177 reporting. According to the Petitioners, the Commission now has a full record of how gas utilities implement GO 177.

On March 11, 2024, the Commission received three responses to the Petition. Center for Accessible Technology and the Utility Consumers' Action Network support the Petition. The joint response of SoCalGas, SDG&E, PG&E, and Southwest Gas Corporation (collectively, Joint Utilities) oppose the Petition.

On March 21, 2024, the Petitioners filed a reply to the arguments raised by the Joint Utilities.

1.1. Submission Date

This matter was submitted on March 21, 2024, upon filing of the Petitioners' reply.

2. Issues Before the Commission

This decision addresses the following issues:

⁶ See D.22-12-021 at OP 10.

⁷ See *id.* at OP 11.

1. Did the Petitioners justify the late filing of the Petition as required by Rule 16.4(d) of the Commission's Rules of Practice and Procedure?⁸
2. Should the Commission narrow the safety exemption in GO 177, Section IV(B)(a)?
3. Should the Commission revise GO 177, Section X to apply all reporting requirements to all projects, even those eligible for the safety exemption?
4. Should the Commission add a footnote to the definition of "project" in GO 177 that paraphrases the Commission's admonition against piecemealing in D.22-12-021?
5. Should the Commission revise GO 177, Section X(D)'s reporting requirements to require gas utilities to describe project alternatives?
6. Should the Commission revise Ordering Paragraph 8 of D.22-12-021 to clarify that gas utilities must hold a workshop within 60 days after they submit their annual reports?
7. Should the Commission revise Ordering Paragraph 12 of D.22-12-021 to require gas utilities to file a Tier 3 Advice Letter when gas utilities do not accept requests from party comments on the GO 177 reporting?

3. Legal Standard

Public Utilities (Pub. Util.) Code Section 1708 authorizes the Commission to "rescind, alter, or amend any order or decision made by it" after providing proper notice to the parties and an opportunity to be heard. By its very nature, the Commission's authority under Section 1708 is an extraordinary remedy. It must be exercised with care, justified by extraordinary circumstances, and remain consistent with the fundamental principles of *res judicata* because

⁸ Unless otherwise specified, all references to rules in this decision refer to the Commission's Rules of Practice and Procedure.

“Section 1708 represents a departure from the standard that settled expectations should be allowed to stand undisturbed.”⁹

Rule 16.4 governs the filing of a petition for modification, a procedural vehicle that “asks the Commission to make changes to an issued decision.”¹⁰ Rule 16.4(d) requires petitioners to file and serve their petition within one year of the effective date of the decision proposed to be modified, or to explain any delays beyond that one year. If the petitioner fails to demonstrate good cause for the delay, the Commission “may on that ground (alone) issue a summary denial of the petition.”¹¹

4. Discussion

As required by 16.4(d), the Petitioners justified their delay in bringing four of the six issues raised in the Petition. Out of these four issues, the Commission will exercise its authority under Pub. Util. Code Section 1708 to clarify the timing of the workshop and add the year 2025 to Ordering Paragraph 12 of D.22-12-021. However, we decline to modify D.22-12-021 in response to the Petitioners’ other timely and untimely recommendations, as discussed below.

4.1. Compliance with Rule 16.4(d)

The Petitioners filed their Petition just over 14 months after the Commission issued D.22-12-021. As required by Rule 16.4(d), the Petitioners explain that they waited to file their Petition “because they wanted to have as full a record as possible that included the March 1 annual reports, the comments on the annual reports, the workshop on the annual reports, and the

⁹ D.15-05-004 at 6; *see also* D.24-03-051 at 6.

¹⁰ Rule 16.4(a); *see also* D.15-05-004 at 6; D.24-03-051 at 6.

¹¹ D.18-10-033 at 3.

December 15, 2023 utility responses.”¹² According to the Petitioners, their concerns about GO 177’s implementation and D.22-12-021’s procedural requirements arise from this record.¹³

The Joint Utilities argue that the Petitioners’ claims of new facts “appear to arise from continued disagreement with the Commission’s previous careful determinations implementing GO 177.”¹⁴ According to the Joint Utilities, the Petition “essentially relitigates the same issues the Commission decided when implementing GO 177.”¹⁵

We disagree, in part, with the Joint Utilities. The Petitioners presented good cause to explain the short delay beyond one year associated with bringing four of the six issues raised in the Petition.¹⁶ The Commission may have considered these four issues as it developed the record for D.22-12-021. However, the Commission could not assess the implementation results until gas utilities completed the requirements of D.22-12-021 and GO 177. For this reason, the Commission finds that the Petitioners are not relitigating these four issues, as the Joint Utilities argue.¹⁷ Instead, the Petitioners ask the Commission to

¹² Petition for Modification (Petition) at 18.

¹³ *Ibid.*

¹⁴ Joint Opposition of Southern California Gas Company, San Diego Gas & Electric Company, Pacific Gas and Electric Company and Southwest Gas Corporation to Petition for Modification (Joint Utilities Response) at 11.

¹⁵ *Ibid.*

¹⁶ The Petitioners’ four timely requests are (1) that the Commission narrow the scope of GO 177 Section IV(B)(a), which exempts “safety” projects; (2) that the Commission add a footnote to the definition of “project” in GO 177 that paraphrases the admonition against piecemealing in D.22-12-021; (3) that the Commission clarify the timing of the workshop; and (4) that the Commission revise D.22-12-021 OP 12 to require gas utilities to file a Tier 3 Advice Letter when gas utilities do not accept stakeholders’ recommendations.

¹⁷ Joint Utilities Response at 11.

consider GO 177's implementation record to assess whether GO 177 achieves the purpose described in D.22-12-021. In Section 4.2 below, we consider the Petitioners' arguments on these four timely issues, which are based on the record of GO 177's implementation.

However, we also find that two of the Petitioners' requests are not based on GO 177's implementation record.¹⁸ In Section 4.3 below, we discuss our determination that these requests are untimely.

4.2. Timely Requests

4.2.1. Application of Safety Exemption

The Petitioners ask us to consider whether the Commission should narrow GO 177, Section IV(B)(a) so the safety exemption only applies to projects in which a specific course of action is required by regulation to be completed within a specific timeframe.¹⁹ The Petitioners point to Sempra Utilities' (Sempra) Second Annual Report to assert that gas utilities have applied the safety exemption too broadly.²⁰ Out of 17 proposed projects, Sempra claimed that ten are exempt under either the Pipeline Safety Enhancement Plan (PSEP) or the Pipeline and Hazardous Materials Safety Administration (PHMSA) Integrity Management Plan.²¹ The Petitioners claim Sempra applied the exemption too broadly and that utilities have overly broad discretion to determine the

¹⁸ The Petitioners' two untimely requests are (1) that the Commission require all projects to comply with all GO 177's reporting requirements, and (2) the Commission modify the reporting requirements to require gas utilities to describe project alternatives.

¹⁹ Petition at 3-11.

²⁰ *Id.* at 5-6, 9.

²¹ *Ibid.*

timeframe and specific course of action to address safety concerns under these plans.²²

For safety projects, the Commission adopted the exemption under GO 177, Section IV(B)(a) to “ensure *timely* [not necessarily urgent] utility compliance with [agency] regulations and the accompanying public safety or reliability of gas supplies.”²³ We recognize that the word “timely” affords gas utilities a level of discretion. However, as the Joint Utilities point out, we currently see a benefit to providing them with “the flexibility to carry out necessary safety projects that have been identified through the development of safety regulations.”²⁴

We do not find that the Petitioners’ evidence demonstrates an abuse of the discretion we gave gas utilities. The fact that most of the proposed projects in their Second Annual Report are safety projects does not necessarily mean that Sempra improperly applied the safety exemption. Currently, the Commission does not have sufficient evidence to modify GO 177. We therefore decline to grant this request at this time.

Separately, we recognize that the Petitioners and the Center for Accessible Technology requested guidance about disputing or appealing a gas utility’s safety exemption claim.²⁵ We clarify that GO 177, Section VII and Rule 4.1(a)(1) explicitly allow entities, such as the Petitioners and the Center for Accessible Technology, to file a complaint with the Commission to resolve any alleged

²² *Id.* at 5-6; Reply to Petition for Modification (Reply) at 2-5.

²³ D.22-12-021 at 49-50 (emphasis added).

²⁴ Joint Utilities Response at 6.

²⁵ Petition at 4; Center for Accessible Technology Response at 4-5.

violations. As stated in D.22-12-021, the “Commission’s complaint process is paramount should disputes arise.”²⁶

4.2.2. Piecemealing

The Petitioners ask the Commission to add a second footnote to the definition of a “project” in GO 177 to clarify that, “[g]as corporations must not skirt our CPCN application requirement by proposing various phases of a single project over time, each phase of which may cost less than our \$75 million threshold.”²⁷ According to the Petitioners, this modification is necessary because gas utilities are improperly piecemealing projects to avoid GO 177’s CPCN requirement.

To support their request, the Petitioners put forward evidence from Sempra’s Second Annual Report that shows multiple projects planned along Line 85N and at the Playa Del Rey Storage Field.²⁸ However, this evidence does not demonstrate piecemealing. Instead, these projects are either excluded from GO 177’s CPCN application requirements due to exemptions or Sempra admits that a CPCN may be necessary.

Specifically, Sempra provides that all projects on Line 85N are PSEP projects and exempt under GO 177, Section IV(B)(a).²⁹ The Playa Del Rey Linear

²⁶ D.22-12-021 at 33. Although D.22-12-021 highlighted the complaint process as the vehicle to resolve disputes between public utilities and local agencies, the Commission has jurisdiction to resolve complaints between stakeholders and public utilities regarding gas corporation infrastructure.

²⁷ Petition at 14.

²⁸ *Id.* at 13-14.

²⁹ Joint Second Amended Annual Report of Sempra Utilities for Planned Gas Investments Pursuant to General Order 177 at Attachment A (listing Line 85N-Elk Hills Road to Lake Station Replacement at line 3; Line 85N-Lake Station to Grapevine Replacement at line 13; and Line 85-Section 5 Replacement at line 15).

Generation Installation is planned to go into service before January 1, 2024, and exempt under GO 177, Section IV(B)(b).³⁰ The two other projects listed at Playa Del Rey Storage Field are still in the early planning stages, and Sempra has applied to the South Coast Air Quality Management District for permits. Sempra acknowledges that these projects may trigger the CPCN threshold under GO 177, Section IV(A)(1)(b).³¹

Here, we only see projects exempt from our CPCN application requirement, and projects that the gas utilities admit may trigger the CPCN threshold. The Petitioners have not presented evidence that gas utilities are proposing various phases of a single project to evade the CPCN application requirement. Thus, we decline to grant this request.

4.2.3. Workshop After Annual Reports

The Petitioners suggest modifying D.22-12-021 Ordering Paragraph 8 to require gas utilities to hold workshops within 60 days of filing their Annual Report of Planned Gas Investments.³² We grant the Petitioners' request.

Ordering Paragraph 8 of D.22-12-021 mandates utilities hold workshops "no less than 60 days after" reports are filed.³³ However, PG&E, SoCalGas, and SDG&E held the required workshop more than seven months after the Annual Reports were filed and more than three and a half months after the Amended Annual Report was filed.³⁴ The Petitioners argue that comments and responses

³⁰ *Ibid.* (listing Playa del Rey Linear Generator Installation at line 2).

³¹ *Id.* at n.11 and 13.

³² Petition at 15-16.

³³ D.22-12-021 at OP 8.

³⁴ Petition at 15-16.

would have been enhanced if workshops took place within 60 days of filing.³⁵ In response, the Joint Utilities agree to conduct a timely workshop but do not explicitly agree to hold workshops within a specific timeframe.³⁶

We are persuaded that requiring a workshop within 60 days will advance transparency and encourage engagement in the reporting process. Therefore, we grant the Petitioners' request to modify D.22-12-021 to require a workshop within 60 days of filing. D.22-12-021 shall be modified to add the italicized and underlined text and delete the strikethrough text as follows:

- a. D.22-12-021, Page 81: "We direct PG&E, SoCalGas, and SDG&E to jointly convene a "Report of Planned Gas Investments Workshop" ~~no less than~~ within 60 days from the date of filing their annual gas reports pursuant to Section X of the GO adopted here, for the years 2023, 2024 and 2025."
- b. D.22-12-021, Conclusion of Law no. 12: "The Commission should direct PG&E, SoCalGas, and SDG&E to jointly convene a Report of Planned Gas Investments Workshop ~~no less than~~ within 60 days from the date of filing their annual gas reports pursuant to Section X of the GO adopted here, for the years 2023, 2024 and 2025."
- c. D.22-12-021, Ordering Paragraph no. 8: "Pacific Gas and Electric Company, Southern California Gas Company, and San Diego Gas & Electric Company shall jointly convene a Report of Planned Gas Investments Workshop as specified in this decision ~~no less than~~ within 60 days from the date of filing their annual Report of Planned Gas Investments reports pursuant to Section X of the General Order 177, for the years 2023, 2024 and 2025."

³⁵ *Id.* at 16.

³⁶ Joint Utilities Response at 11-12.

4.2.4. Advice Letter

For D.22-12-021 Ordering Paragraph 12, the Petitioners request to add the italicized and underlined text and delete the strikethrough text as follows:

Pacific Gas and Electric Company (PG&E), Southern California Gas Company (SoCalGas), and San Diego Gas & Electric Company (SDG&E) shall, and other gas corporations may, no later than 90 days from the date party comments are filed on the Report of Planned Gas Investments in 2023, 2024, and 2025 jointly submit a Tier 3 Advice Letter: (a) requesting any changes to the reporting requirements contained in General Order 177 suggested by parties and agreed to by the gas corporations; (b) identifying any changes to the reporting requirements in General Order 177 suggested by the parties but not agreed to by the gas corporation with an explanation of why the changes were not agreed to; and (c) identifying specific revisions requested by the parties but not adopted by the gas corporation with an explanation of why the revisions were not incorporated. If no changes to the reporting requirements were proposed by parties ~~or and agreed to by~~ the gas corporations, PG&E, SoCalGas, and SDG&E are not required to file a Tier 3 Advice Letter.³⁷

We adopt the Petitioners' recommendation to include "and 2025" in the Ordering Paragraph but decline the Petitioners' other requested modifications.

D.22-12-021 outlines how parties may recommend changes to gas utilities' annual reports in the years 2023, 2024, and 2025, or suggest changes to reporting requirements to improve the usefulness of reports.³⁸ In response, gas utilities must file amended reports with an appendix summarizing how it addressed each party's comment.³⁹ Should a gas utility agree to a suggested change to the Commission's reporting requirements, then the gas utility must file a Tier 3

³⁷ Petition at 17-18.

³⁸ D.22-12-021 at 82-83.

³⁹ *Id.* at 82.

Advice Letter with the requested revision for Commission review and approval.⁴⁰

Presumably, the Petitioners seek to expand the Commission's review to assess the reasonableness of gas utilities' decisions not to adopt changes to the reporting requirements or requested revisions. However, the Petition does not specify how the Commission would make this assessment and why such oversight is necessary. For these reasons, we are not persuaded that this requested modification is warranted and deny the Petitioners' request.

However, the gas utilities should not interpret this denial as permission to ignore party comments. We continue to recognize that the Commission adopted GO 177, in part, to strengthen public participation and ensure impacted residents and stakeholders have appropriate means to voice concerns and shape project design.⁴¹ As such, we appreciate the Petitioners' participation in the reporting process and direct utilities to address their concerns to the extent feasible.

We also appreciate the Petitioners calling our attention to the unintended omission of 2025 from Ordering Paragraph 12. D.22-12-021 intended that Ordering Paragraph 12 would apply to annual reports filed in 2023, 2024, and 2025.⁴² The Joint Utilities did not respond to the Petitioners' recommendation to add 2025 to Ordering Paragraph 12. Therefore, D.22-12-021 Ordering Paragraph 12 is amended to include the italicized and underlined language:

- a) D.22-12-021, Ordering Paragraph no. 12: "Pacific Gas and Electric Company (PG&E), Southern California Gas Company (SoCalGas), and San Diego Gas & Electric Company (SDG&E) shall, and other gas corporations may,

⁴⁰ *Id.* at 83.

⁴¹ D.22-12-021 at 12.

⁴² *Id.* at 82.

no later than 90 days from the date party comments are filed on the Report of Planned Gas Investments in 2023, 2024, *and 2025* jointly submit a Tier 3 Advice Letter requesting any changes to the reporting requirements contained in General Order 177 suggested by parties and agreed to by the gas corporations. If no changes to the reporting requirements were proposed by parties and agreed to by the gas corporations, PG&E, SoCalGas, and SDG&E are not required to file a Tier 3 Advice Letter.

4.3. Untimely Requests

4.3.1. Reporting Requirements for Projects That Qualify for Safety Exemption

The Petitioners ask the Commission to modify GO 177 to apply Section X's reporting requirements to all projects, even those eligible for the safety exemption.⁴³ Specifically, the Petitioners request that the Commission remove footnote 11 from GO 177, which states that utilities do not need to include the information in X(C)(6) and X(D) of GO 177 for safety-exempt projects.⁴⁴ We determine this request is untimely under Rule 16.4(d).

The Commission previously considered this issue. In developing the record for D.22-12-021, the Administrative Law Judge (ALJ) asked parties to comment on whether the Commission should exempt certain types of gas infrastructure projects from the reporting requirements in proposed GO 177, Section X.⁴⁵ Parties to the Petition recommended that instead of exempting

⁴³ Petition at 11.

⁴⁴ *Ibid.* GO 177, Section X(C)(6) requires utilities to report on the cumulative impact of successive projects of the same types in the same place. GO 177, X(D) requires utilities to provide a high-level analysis of non-pipeline alternatives considered; total projected quantified reliability cost savings over the expected life of the project; projected construction expenditures; and projected operating costs for each project expected to go into service within five years.

⁴⁵ *Administrative Law Judge's Ruling Directing Parties to File Comments on Proposed General Order re Gas Infrastructure* (June 27, 2022) at 2.

certain projects from the reporting requirements, the Commission expand the reporting requirements to provide transparency on gas corporation capital investments.⁴⁶

In the proposed decision preceding D.22-12-021, the Commission structured the reporting requirements to “help provide transparency.”⁴⁷ However, that proposed decision also stated that the Commission did not plan to require gas corporations to report on non-pipeline alternatives, as required by GO 177, Section X(D), and cumulative environmental impacts, as required by GO Section X(C)(6) for exempt projects.⁴⁸ Although parties to the Petition filed comments on the proposed decision asking for expanded reporting on non-pipeline alternatives,⁴⁹ they did not request that the Commission require exempt projects to report on cumulative environmental impacts.

The Commission ultimately adopted the proposed decision’s plan, in D.22-12-021, to not require information in GO 177, Section X(D), and Section X(C)(6) for projects that qualify for the safety exemption.⁵⁰ In D.22-12-021, the Commission explained that it “is reasonable to not require gas

⁴⁶ Sierra Club, California Environmental Justice Alliance, and Rocky Mountain Institute Opening Comments on ALJ Ruling (July 25, 2022) at 8-9; Sierra Club, California Environmental Justice Alliance, and Rocky Mountain Institute Reply Comments (Aug. 1, 2022) at 9-10 and Appendix A at 11-12; Environmental Defense Fund Reply Comments on ALJ Ruling (Aug. 1, 2022) at 8.

⁴⁷ Proposed Decision of ALJ Fogel (Oct. 26, 2022) at 71-76 (lowering reporting thresholds, requiring gas utilities to report on exempt projects, reducing forecast period, requiring gas utilities to provide additional information about projects, and requiring public participation).

⁴⁸ *Id.* at 72.

⁴⁹ See Sierra Club, California Environmental Justice Alliance, and Natural Resource Defense Council Opening Comments on Proposed Decision Adopting Gas Infrastructure General Order (Nov. 15, 2022) at 6-7.

⁵⁰ D.22-12-021 at 78-79.

corporations to report this information for exempt projects, as these will consist of required safety projects, minor relocations or repairs, emergency projects, and other exempt project types.”⁵¹ The Petitioners did not apply for rehearing on this issue.

Instead, the Petitioners waited to develop a record of GO 177’s implementation – a record that does not appear to support the need for granting the Petitioners’ request.⁵² The Petitioners’ Reply provides examples from SoCalGas’s and SDG&E’s March 1, 2024 Annual Report to support their assertion that the Commission should explore non-pipeline alternatives to reduce costs.⁵³ However, the Commission was aware that the cost of exempt projects could exceed \$50 million when it exempted gas corporations from GO 177’s reporting requirements.⁵⁴ These examples do not provide the Commission with new information about the implementation of GO 177. Moreover, these examples do not support the Petitioners’ request to expand reporting requirements to include cumulative environmental impacts.

Because the Commission previously considered this issue and the Petitioners did not explain how waiting for the new record supports their request, we determine the request is untimely under Rule 16.4(d).

⁵¹ *Id.* at 79.

⁵² Petition at 11-12 (arguing “reporting requirements from Sections X(C)(6) and X(D) of G.O. 177 are still important”). The Petition’s only citation to the GO 177 implementation record is a reference to Sempra’s Joint Second Amended Annual Report. (*See id.* at 12, n.30.) However, the Petitioners only use this citation to support their argument, not as evidence that gas utilities are improperly implementing GO 177.

⁵³ Reply at 8.

⁵⁴ D.22-12-021 at 78-79.

4.3.2. Requirement to Report on Project Alternatives

GO 177, Section X(D)(1) requires gas utilities to include a high-level analysis of non-pipeline alternatives in their annual reports. The Petitioners request two revisions to this requirement. First, the Petitioners recommend expanding Section X(D)(1), so gas utilities describe project alternatives, including, but not limited to, non-pipeline alternatives.⁵⁵ Second, the Petitioners ask the Commission to revise Section X(D), so utilities must describe the environmental impact of the existing facility, the project, and the alternatives presented.⁵⁶

The Petitioners support their request with the argument that “[w]ithout adequate information about the environmental effects of projects and their alternatives, neither the Commission nor stakeholders will have adequate information to determine an appropriate path forward for major gas system investments.”⁵⁷ However, the Petitioners do not cite evidence from the record of GO 177’s implementation to show that the Commission lacks the necessary information.⁵⁸ It is, therefore, unclear why the Petitioners waited over a year after the effective date of D.22-12-021 to make this argument.

Because the Petitioners did not justify making this request to modify D.22-12-021 more than one year after the effective date of D.22-12-021, we determine it is untimely under Rule 16.4(d).

⁵⁵ Petition at 14.

⁵⁶ *Id.* at 14-15.

⁵⁷ *Id.* at 15.

⁵⁸ We also determine that the Center for Accessible Technology and Utility Consumer’s Action Network do not provide evidence to support the Petitioners’ request.

5. Closing the Proceeding and Filing Future GO 177 Reports

This decision closes R.20-01-007 so the Commission may open a new Order Instituting Rulemaking that considers long-term natural gas planning needs in the current landscape. However, gas utilities shall continue to annually serve and file their Report of Planned Gas Investments, as described in Section X of the GO 177 and Ordering Paragraph 7 of D.22-12-021, in the docket of R.20-01-007, unless directed otherwise.

6. Summary of Public Comment

Rule 1.18 allows any member of the public to submit written comments in any Commission proceeding using the “Public Comment” tab of the online Docket Card for that proceeding on the Commission’s website. Rule 1.18(b) requires that relevant written comments submitted in a proceeding be summarized in the final decision issued in that proceeding. The Commission has not received public comments on the Docket Card relevant to the Petition.

7. Conclusion

We partially grant the Petition and modify D.22-12-021 to (1) require gas utilities to convene a workshop within 60 days after the annual supports are submitted and (2) add the year 2025 to Ordering Paragraph 12. We deny the Petition in all other respects. We also close the proceeding and direct gas utilities to continue to file and serve their annual reports in the docket of R.20-01-007, unless directed otherwise.

8. Procedural Matters

This decision affirms all rulings made by the ALJs and the assigned Commissioners in this proceeding. All motions not ruled on are deemed denied.

9. Comments on Proposed Decision

The proposed decision of ALJ Purchia and ALJ Van Dyken in this matter was mailed to the parties in accordance with Section 311 of the Pub. Util. Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on _____, and reply comments were filed on _____ by _____.

10. Assignment of Proceeding

Karen Douglas is the assigned Commissioner and David Van Dyken and Robyn Purchia are the assigned ALJs in this proceeding.

Findings of Fact

1. On December 8, 2022, the Commission issued D.22-12-021, which adopted GO 177.
2. GO 177 and D.22-12-021 require California gas corporations to apply for a CPCN under certain conditions and comply with certain reporting requirements.
3. On March 1, 2023, California's gas utilities filed their first annual Report of Planned Gas Investments pursuant to GO 177.
4. On October 31, 2023, SoCalGas, SDG&E, and PG&E jointly convened a Report of Planned Gas Investments Workshop pursuant to GO 177.
5. On December 15, 2023, SoCalGas, SDG&E, and PG&E filed responses to party comments on their annual reports.
6. On February 9, 2024, the Petitioners filed the Petition seeking modifications to GO 177 and D.22-12-021.
7. Pub. Util. Code Section 1708 authorizes the Commission to modify D.22-12-021 after providing proper notice to the parties and an opportunity to be heard.

8. Rule 16.4(d) requires petitioners to file and serve a petition for modification within one year of the effective date of the decision proposed to be modified or to explain the late filing.

9. The Petitioners filed this Petition more than one year after the effective date of D.22-12-021 and explained their short delay as necessary to give the Commission a full record of how gas utilities interpreted GO 177 and D.22-12-021's requirements.

10. The Petitioners support their claim that gas utilities apply GO 177's safety exemption improperly with evidence from Sempra's Second Annual Report that shows that Sempra applied the safety exemption to ten of its 17 proposed projects.

11. The Petitioners support their claim that gas utilities improperly piecemeal projects to avoid GO 177's CPCN requirement with evidence from Sempra's Second Annual Report that shows multiple projects planned along Line 85N and the Playa Del Rey Storage Field. However, these projects are either excluded from GO 177's CPCN application requirements due to exemptions or Sempra admits that a CPCN may be necessary.

12. The Petition does not explain how the Commission would assess the reasonableness of gas utilities' decisions not to adopt recommended changes to the reporting requirements or recommended revisions.

13. The Commission adopted GO 177, in part, to strengthen public participation and ensure impacted residents and stakeholders have appropriate means to voice concerns and shape project design.

14. D.22-12-021 inadvertently omitted 2025 from Ordering Paragraph 12.

Conclusions of Law

1. The Petition should be denied in all parts except for the modifications to require gas utilities to convene a workshop within 60 days after the annual reports are submitted and to include 2025 in Ordering Paragraph 12.

2. The Petition should be granted to modify D.22-12-021 as follows:

- a. Page 81 of D.22-12-021: “We direct PG&E, SoCalGas, and SDG&E to jointly convene a “Report of Planned Gas Investments Workshop” ~~no less than~~ within 60 days from the date of filing their annual gas reports pursuant to Section X of the GO adopted here, for the years 2023, 2024 and 2025.”
- b. D.22-12-021, Conclusion of Law no. 12: “The Commission should direct PG&E, SoCalGas, and SDG&E to jointly convene a Report of Planned Gas Investments Workshop ~~no less than~~ within 60 days from the date of filing their annual gas reports pursuant to Section X of the GO adopted here, for the years 2023, 2024 and 2025.”
- c. D.22-12-021, Ordering Paragraph no. 8: “Pacific Gas and Electric Company, Southern California Gas Company, and San Diego Gas & Electric Company shall jointly convene a Report of Planned Gas Investments Workshop as specified in this decision ~~no less than~~ within 60 days from the date of filing their annual Report of Planned Gas Investments reports pursuant to Section X of the General Order 177, for the years 2023, 2024 and 2025.”
- d. D.22-12-021, Ordering Paragraph no. 12: “Pacific Gas and Electric Company (PG&E), Southern California Gas Company (SoCalGas), and San Diego Gas & Electric Company (SDG&E) shall, and other gas corporations may, no later than 90 days from the date party comments are filed on the Report of Planned Gas Investments in 2023, 2024, and 2025 jointly submit a Tier 3 Advice Letter requesting any changes to the reporting requirements contained in General Order 177 suggested by parties and agreed to by the gas corporations. If no changes to the

reporting requirements were proposed by parties and agreed to by the gas corporations, PG&E, SoCalGas, and SDG&E are not required to file a Tier 3 Advice Letter.

3. California's natural gas utilities should continue to annually serve and file their Reports of Planned Gas Investments, as described in Section X of GO 177 and Ordering Paragraph 7 of D.22-12-021, in the docket of R.20-01-007 unless directed otherwise.

4. The Commission should close R.20-01-007.

O R D E R

IT IS ORDERED that:

1. The petition for modification filed on February 9, 2024, by the California Environmental Justice Alliance, Environmental Defense Fund, Sierra Club, Southern California Generation Coalition, and The Utility Reform Network, is denied in all respects except for the modifications granted as ordered in Ordering Paragraph 2 of this decision.

2. The petition for modification filed on February 9, 2024, by the California Environmental Justice Alliance, Environmental Defense Fund, Sierra Club, Southern California Generation Coalition, and The Utility Reform Network, of Decision 22-12-021 is partially granted, to require California's natural gas utilities to convene a Report of Planned Gas Investments Workshop within 60 days from the date of the filing of their annual gas reports pursuant to Section X of GO 177 and comply with Ordering Paragraph 12 in the year 2025. The corresponding modifications to Decision 22-12-021 shall be as follows:

- a) Page 81 of D.22-12-021: "We direct PG&E, SoCalGas, and SDG&E to jointly convene a "Report of Planned Gas Investments Workshop" ~~no less than~~ *within* 60 days from the date of filing their annual gas reports pursuant to

- Section X of the GO adopted here, for the years 2023, 2024 and 2025.”
- b) D.22-12-021, Conclusion of Law no. 12: “The Commission should direct PG&E, SoCalGas, and SDG&E to jointly convene a Report of Planned Gas Investments Workshop ~~no less than~~ within 60 days from the date of filing their annual gas reports pursuant to Section X of the GO adopted here, for the years 2023, 2024 and 2025.”
- c) D.22-12-021, Ordering Paragraph no. 8: “Pacific Gas and Electric Company, Southern California Gas Company, and San Diego Gas & Electric Company shall jointly convene a Report of Planned Gas Investments Workshop as specified in this decision ~~no less than~~ within 60 days from the date of filing their annual Report of Planned Gas Investments reports pursuant to Section X of the General Order 177, for the years 2023, 2024 and 2025.”
- d) D.22-12-021, Ordering Paragraph no. 12: “Pacific Gas and Electric Company (PG&E), Southern California Gas Company (SoCalGas), and San Diego Gas & Electric Company (SDG&E) shall, and other gas corporations may, no later than 90 days from the date party comments are filed on the Report of Planned Gas Investments in 2023, 2024, and 2025 jointly submit a Tier 3 Advice Letter requesting any changes to the reporting requirements contained in General Order 177 suggested by parties and agreed to by the gas corporations. If no changes to the reporting requirements were proposed by parties and agreed to by the gas corporations, PG&E, SoCalGas, and SDG&E are not required to file a Tier 3 Advice Letter.
3. Gas corporations shall serve and file a Report of Planned Gas Investments as described in General Order 177, Section X in the docket of Rulemaking 20-01-007, unless directed otherwise.

4. Rulemaking 20-01-007 is closed.

This order is effective today.

Dated _____, at San Francisco, California.