

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



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Application of San Diego Gas & Electric Company (U-902M) and Southern California Gas Company (U-904G) for an Exemption Pursuant to Section 853 of the Public Utilities Code with Respect to the Creation of an Intermediate Holding Company, or Alternatively, for an Order Finding that the Proposed Transaction Does Not Constitute an Activity Subject to Section 854.

Application No. 25-05-\_\_\_\_\_

**APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY AND  
SOUTHERN CALIFORNIA GAS COMPANY**

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Dated: May 30, 2025

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Pursuant to sections 853(b) and 854 of the California Public Utilities Code (“Pub. Util. Code”) and Article 2 of the Rules of Practice and Procedure of the California Public Utilities Commission (the “Commission”), San Diego Gas & Electric Company (“SDG&E”) and Southern California Gas Company (“SoCalGas”) submit this Application concerning the creation of an intermediate holding company, Sempra California, LLC (“Sempra California”) (the “Proposed Transaction”). SDG&E and SoCalGas (collectively, the “California Utilities”) would continue to be owned by Enova Corporation (“Enova”) and Pacific Enterprises, respectively, and the ultimate parent would continue to be Sempra. The Proposed Transaction will result in no change in the immediate or ultimate legal ownership of the California Utilities, nor any change in their operations, employees, rates, or services, and will have no adverse impact on the public interest. In analogous circumstances, the Commission has determined “holding company

reorganizations are exempt from § 854 and authorization by the Commission is not required because the transaction is not an acquisition or change in actual control of the utility.”<sup>1</sup>

The Proposed Transaction is an internal corporate reorganization intended to formalize consolidated financial segment reporting for the California Utilities.<sup>2</sup> This reorganization will align the formal ownership structure of the California Utilities with the ownership structure of Sempra’s two other business segments, Sempra Texas and Sempra Infrastructure, which also present consolidated financial data for their respective operations. Through this Application, for the reasons and pursuant to the proposed schedule set forth herein, the California Utilities seek an exemption pursuant to Pub. Util. Code section 853(b) from review of the Proposed Transaction under section 854, or, in the alternative, an order pursuant to section 854(a) finding that the Proposed Transaction does not constitute an activity subject to section 854.

#### **I. APPLICATION FOR AN ORDER EXEMPTING THE PROPOSED TRANSACTION OR FINDING IT NOT SUBJECT TO SECTION 854 REVIEW**

The Commission’s primary means of oversight of corporate structural change is Pub. Util. Code section 854, which provides, in pertinent part, that “[a] person or corporation, whether or not organized under the laws of this state, shall not directly or indirectly merge, acquire, or control . . . any public utility organized and doing business in this state without first securing authorization to do so from the commission.”<sup>3</sup> In evaluating reorganizations, the Commission employs a fact-specific, case-by-case approach to determine whether the proposed transaction

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<sup>1</sup> D.16-01-037 (*Southwest Gas*) at 11, 2016 Cal. PUC LEXIS 71 (citing D.96-11-017 (*PG&E*), 69 CPUC 2d 167, 173 P.U.R. 4th 358 and D.95-05-021 (*SDG&E I*), 59 CPUC 2d 697).

<sup>2</sup> SDG&E and SoCalGas will continue to separately report information to the Commission in various regulatory matters, including financial information, just as they do at present.

<sup>3</sup> Pub. Util. Code § 854(a).

constitutes a merger, acquisition, or control activity subject to review under section 854.<sup>4</sup> In general, the Commission has “held that the form of organization and ownership of any for-profit venture ought to lie, in the first instance, in the sound discretion of management, subject to the rights provided otherwise to the shareholders to consent, and subject to our oversight to the extent necessary to protect the public interest.”<sup>5</sup>

**A. The Proposed Transaction is an Internal Reorganization that Involves No Change in Either the Immediate or Ultimate Parent of the California Utilities.**

The Proposed Transaction involves the creation of Sempra California to serve as an intermediate holding company within the corporate structure of Sempra’s utility operations in California, sitting two rungs above the California Utilities in the organizational hierarchy. Following its creation, Sempra California would be assigned sole ownership of the stock of Enova and Pacific Enterprises, which would continue to own 100 percent and 99.12 percent of the stock of SDG&E and SoCalGas, respectively, just as they do today.<sup>6</sup> Sempra California would in turn be wholly owned by Sempra, which would remain the ultimate upstream corporate parent of Enova, Pacific Enterprises, SDG&E, and SoCalGas, just as it is currently.

The Proposed Transaction is an internal corporate reorganization that would have no impact on the operations, employees, rates, or services of the California Utilities. The purpose of the Proposed Transaction is to formalize financial reporting for the California Utilities together, similar to Sempra’s two other business segments, Sempra Texas and Sempra Infrastructure.

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<sup>4</sup> D.95-05-021 (*SDG&E I*), 59 CPUC 2d 697; D.96-11-017 (*PG&E*), 69 CPUC 2d 167; *see also* D.08-12-021 (*Warburg Pincus*) at 11, 2008 Cal. PUC LEXIS 469 (noting that the Commission has no “bright line” test for determining when a transfer of control subject to section 854 has occurred).

<sup>5</sup> *PG&E*, D.96-11-017, 69 CPUC 2d 167, 1996 Cal. PUC LEXIS 1141, at \*20.

<sup>6</sup> *See* Exhibit A for diagrams depicting the corporate ownership structure of the California Utilities before and after the Proposed Transaction.

Presenting consolidated financial results for the California Utilities by means of a single holding company will promote transparency in communications with investors and improve performance assessment across the entire enterprise.

The Commission approved the current corporate structure of the California Utilities in a series of decisions in the 1990s. The Commission initially approved the reorganization of SDG&E under a holding company structure in 1995,<sup>7</sup> with Enova created as SDG&E's parent entity, after determining that section 854 was inapplicable to the reorganization because "the change in legal control (ownership by existing shareholders to ownership by Parent) is not a change in actual control."<sup>8</sup> In 1998, the Commission approved the merger of Enova, the holding company for SDG&E, and Pacific Enterprises, the holding company for SoCalGas, which led to the creation of Sempra as the upstream parent company of Enova, Pacific Enterprises, and the California Utilities.<sup>9</sup>

Since those decisions, Sempra's business has evolved outside of California to encompass additional operations and infrastructure in other parts of North America. Specifically, Sempra has acquired ownership interests in utility businesses in Texas, including Oncor Electric Delivery Company and the Sharyland Utilities. Through its Sempra Infrastructure segment, Sempra also holds investments in liquefied natural gas and natural gas infrastructure in the United States and Mexico, as well as gas-fired, wind, and solar electric generation infrastructure, and liquefied petroleum gas and refined products infrastructure in Mexico.

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<sup>7</sup> D.95-12-018 (*SDG&E II*), 62 CPUC 2d 626, 1995 Cal. PUC LEXIS 931.

<sup>8</sup> *SDG&E I*, D.95-05-021, 59 CPUC 2d 697, 1995 Cal. PUC LEXIS 440, at \*7.

<sup>9</sup> D.98-03-073 (*SDG&E III*), 79 CPUC 2d 343, 1998 Cal. PUC LEXIS 1.

Over the past several years, Sempra has adopted a strategic approach to investor communications and performance assessment by realigning reportable segments to consist of three business segments: (1) Sempra California; (2) Sempra Texas; and (3) Sempra Infrastructure. For instance, Sempra followed this approach in its 2024 Form 10-K Annual Report (“2024 10-K”) filed with the U.S. Securities and Exchange Commission (“SEC”).<sup>10</sup> The Sempra California segment includes SDG&E and its parent, Enova, and SoCalGas and its parent, Pacific Enterprises. While SDG&E and SoCalGas continue to operate independently of each other, with distinct governance structures and daily operations, Sempra management evaluates and reports the financial results of the California Utilities collectively, as a unified platform aligned with Accounting Standards Codification (“ASC”) 280, Segment Reporting under U.S. Generally Accepted Accounting Principles (“GAAP”). This unified approach reflects the shared geographical proximity of the California Utilities, their similar economic environments, and their common regulatory framework. Utilizing such an approach enhances clarity for investors, simplifies communication, and aligns with practices commonly used by other major utility holding companies in the United States.<sup>11</sup>

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<sup>10</sup> See Sempra 2024 Form 10-K at 10–19, available at [https://www.sempra.com/sites/default/files/2025-03/SRE\\_10-K\\_2024\\_Final.pdf](https://www.sempra.com/sites/default/files/2025-03/SRE_10-K_2024_Final.pdf).

<sup>11</sup> See, e.g., American Electric Power (“AEP”) 2024 Form 10-K at 244 (Note 9 to Financial Statements) (describing its reportable segments as Vertically Integrated Utilities, Transmission and Distribution Utilities, AEP Transmission Holdco, and Generation & Marketing), available at <https://d18rn0p25nwr6d.cloudfront.net/CIK-0000004904/f1c06f18-84d4-40c7-8073-e1ef64c3fc26.pdf>; Xcel Energy 2024 Form 10-K at 81 (Note 14 to Financial Statements) (describing its reportable segments as Regulated Electric Utility and Regulated Natural Gas Utility), available at [https://s202.q4cdn.com/586283047/files/doc\\_downloads/2025/03/XCEL-12-31-24-10-K-As-Filed-2-27-25.pdf](https://s202.q4cdn.com/586283047/files/doc_downloads/2025/03/XCEL-12-31-24-10-K-As-Filed-2-27-25.pdf); Duke Energy 2024 Form 10-K at 9 (describing its reportable business segments as Electric Utilities and Infrastructure and Gas Utilities and Infrastructure), available at <https://d18rn0p25nwr6d.cloudfront.net/CIK-0001326160/4a7e8ff3-a9aa-438b-8124-3166dc1bd9c6.pdf>; The Southern Company 2024 Form 10-K at II-250 (Note 16 to Financial Statements) (describing its reportable business segments as the sale of electricity by the traditional electric operating companies, the sale of electricity in the wholesale market by Southern Power, and the sale of natural gas and

Although a formal legal entity owns all of the business units comprising Sempra Texas (Sempra Texas HoldCo, LLC), and another formal legal entity owns all of the business units comprising Sempra Infrastructure (Sempra Infrastructure Partners 2, LLC), there is currently no such entity for the Sempra California business unit. Rather, ownership of the California Utilities is divided between Enova, SDG&E’s parent, and Pacific Enterprises, SoCalGas’s parent. By creating a single holding company under Sempra to own both Enova and Pacific Enterprises, the Proposed Transaction is intended to conform the formal ownership structure of the Sempra California segment—and by extension, of the California Utilities—to the ownership structure used by Sempra’s two other business units. Unifying ownership of the California Utilities through a single intermediate holding company will formalize and streamline Sempra’s collective reporting of the financial results of the California utilities and align the financial segment reporting for Sempra California under U.S. GAAP with the financial segment reporting utilized for Sempra Texas and Sempra Infrastructure. As noted above, Sempra has begun utilizing this approach in its SEC financial reporting.<sup>12</sup>

Sempra California is envisioned as a holding company that would not own facilities or assets or provide services to the public. Sempra California would become an affiliate of SDG&E and SoCalGas under Rule I.A of the Commission’s Affiliate Transaction Rules,<sup>13</sup> and would be

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complementary products and services by Southern Company Gas), available at <https://d18rn0p25nwr6d.cloudfront.net/CIK-0000092122/9619ee32-4e60-409f-8df9-407b49aa0ef1.pdf>.

<sup>12</sup> Following the Proposed Transaction, Sempra would continue to also report the separate financial results of both SDG&E and SoCalGas on an individual standalone utility basis, as it does currently. The Proposed Transaction would not bring about any change in the manner in which either SDG&E or SoCalGas report their individual standalone financial results. Rather, the Proposed Transaction is designed to formalize Sempra’s distinct, additional presentation of consolidated financial results for its three business segments under ASC 280, Segment Reporting under U.S. GAAP.

<sup>13</sup> D.06-12-029, Appendix A-3; *see also* Affiliate Transaction Rule II.C (discussing applicability of rules to holding companies).

subject to those rules in the same way as are Sempra, Enova, and Pacific Enterprises today. Following the Proposed Transaction, the California Utilities would continue to operate and provide service just as they do at present, using the same experienced and knowledgeable employees. The Proposed Transaction will not impact the rates, terms, or conditions of service of either of the California Utilities. Likewise, the legal structure of the California Utilities will not change as a result of the Proposed Transaction.

The Proposed Transaction would be accomplished through the following two basic transactional steps:

1. Sempra creates Sempra California, LLC, as a wholly owned subsidiary.
2. Sempra contributes 100 percent of the shares of Enova and Pacific Enterprises to Sempra California, LLC.

Diagrams depicting the corporate ownership structure of the California Utilities before and after the Proposed Transaction are attached as Exhibit A.

Pursuant to the Proposed Transaction, Sempra California will enter into a contribution agreement with Sempra to facilitate the transfer of the stock of both Enova and Pacific Enterprises from Sempra to Sempra California. The proposed form of that agreement is attached as Exhibit B. Neither of the California Utilities will enter into any agreements as part of the Proposed Transaction, as SDG&E will remain a wholly owned subsidiary of Enova, and SoCalGas will remain a wholly owned subsidiary of Pacific Enterprises.

**B. The Commission Has Statutory Authority to Exempt the Proposed Transaction or Otherwise Find It Not Subject to Review Under Section 854.**

Section 854 generally requires Commission approval of a transaction that involves an acquisition or change in control of a public utility. The Commission has discretion to determine

whether a transaction results in a change in control, based on the facts of the case.<sup>14</sup> The Commission has considered a variety of factors in determining whether a transaction would result in a change in control, including whether the transaction would affect the day-to-day operations or management of the utility, whether the acquiring entity has the ability to direct management and policies of the utility, and the impact of the transaction on the public interest.<sup>15</sup>

Even where a reorganization arguably would produce a change in control or constitute an acquisition activity subject to section 854, the Commission retains discretion to exempt such transaction from statutory review. Section 853(b) provides that the Commission “may from time to time . . . exempt any public utility . . . from this article if it finds that the application thereof with respect to the public utility . . . is not necessary in the public interest.” In addition, section 854(a) authorizes the Commission to “establish, by order or rule, the definitions of what constitutes a merger, acquisition, or control activity that is subject to this section.” The Commission therefore possesses the statutory authority to either exempt the Proposed Transaction from section 854 review, pursuant to section 853(b), or to find that it is not a “merger, acquisition, or control activity” subject to section 854.

**C. The Creation of an Intermediate Holding Company Between Sempra and the California Utilities Does Not Warrant Section 854 Review.**

The Commission has generally “held holding company reorganizations are exempt from § 854 and authorization by the Commission is not required because the transaction is not an

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<sup>14</sup> See, e.g., D.13-03-007 (*Lake Alpine*) at 8, 2013 Cal. PUC LEXIS 108; D.08-12-021 (*Warburg Pincus*) at 11, 2008 Cal. PUC LEXIS 469; D.89-12-056 (*MMM Holdings*), 34 CPUC 2d 198, 1989 Cal. PUC LEXIS 624, at \*3.

<sup>15</sup> D.12-04-035 (*ConocoPhillips*) at 4, 2012 Cal. PUC LEXIS 175.

acquisition or change in actual control of the utility,” though the Commission “has the discretion, on a case by case basis, to apply § 854 to a holding company reorganization.”<sup>16</sup>

The Proposed Transaction will not result in *any* change in control of the California Utilities—legal or actual. Under established holding company precedent, it is also not an acquisition activity within the meaning of section 854.<sup>17</sup> The internal reorganization contemplated here should therefore not trigger statutory review.

With respect to legal control, the Proposed Transaction provides for only an extra link in the chain of upstream corporate ownership, rather than any change in direct legal control. It therefore involves far less of a change in legal control than the utility holding company reorganizations of Pacific Gas and Electric Company (“PG&E”) and SDG&E in the 1990s, which the Commission determined were not subject to section 854.<sup>18</sup> In those transactions, effectuated by reverse triangular mergers, PG&E and SDG&E went from being directly held by shareholders to being wholly owned subsidiaries of holding companies that were in turn owned by those shareholders, thereby bringing about a change in direct legal control of the utilities. Here, however, there would be no change in direct legal control of the California Utilities because the immediate corporate parents of SDG&E and SoCalGas would remain Enova and Pacific Enterprises, respectively, while Sempra would remain their ultimate upstream corporate parent. Thus, both direct and indirect ownership of the California Utilities would remain in the same hands. The only change in corporate structure would be the insertion of an additional rung

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<sup>16</sup> *Southwest Gas*, D.16-01-037 at 11, 2016 Cal. PUC LEXIS 71 (citing *PG&E*, D.96-11-017, 69 CPUC 2d 167, 173 P.U.R. 4th 358 and *SDG&E I*, D.95-05-021, 59 CPUC 2d 697).

<sup>17</sup> See *SDG&E I*, D.95-05-021, 59 CPUC 2d 697, 1995 Cal. PUC LEXIS 440, at \*4 (determining that the utility’s reorganization under a holding company structure “is not an acquisition activity that is subject to PU Code § 854”); *PG&E*, D.96-11-017, 69 CPUC 2d 167, 173 P.U.R. 4th 358, 1996 Cal. PUC LEXIS 1141, at \*7 (same).

<sup>18</sup> See *id.*

between the California Utilities' direct and upstream parent companies. Since neither the direct nor ultimate corporate parents of the California Utilities would change, under Commission precedent, there would be neither a change in control nor an acquisition of the California Utilities within the meaning of section 854.

There would also be no change in actual control of the California Utilities. In determining whether a transaction necessitates section 854 review and approval, the Commission has looked to its effect on “actual or working control of the day-to-day business operations of the utility” and “the power to direct or cause the direction of the management and policies of the utility.”<sup>19</sup> The creation of Sempra California as an intermediate holding company would have no impact on the day-to-day operations or management of either of the California Utilities. Their operations would continue in the exact same manner as prior to the transaction, using the same experienced, knowledgeable workforces at each company. Likewise, the power to direct and cause the direction of the management and policies of the California Utilities would reside with their respective boards of directors, just as it does today, and Sempra will remain the ultimate parent company of both companies.

The Proposed Transaction will also have no adverse impact on the public interest. In D.16-01-037, the Commission determined that where, as here, a holding company reorganization “is essentially a ‘paper’ transaction which can be accomplished without any effect on [the utility]’s operations,” the public interest will continue to be adequately protected.<sup>20</sup> Other factors the Commission listed in support of this determination—continuity of utility management, service, and Commission-authorized rates, as well as ongoing compliance with the

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<sup>19</sup> *Warburg Pincus*, D.08-12-021 at 7, 11, 2008 Cal. PUC LEXIS 469; *see also ConocoPhillips*, D.12-04-035 at 4, 2012 Cal. PUC LEXIS 175.

<sup>20</sup> *Southwest Gas*, D.16-01-037 at 10, 2016 Cal. PUC LEXIS 71 .

Commission’s Affiliate Transaction Rules<sup>21</sup>—are equally applicable to the Proposed Transaction. Finally, additional assurance that the public interest would remain fully protected is provided through the Commission’s continuing regulatory oversight of the rates and terms and conditions of service of both SDG&E and SoCalGas. Under these circumstances, the creation of Sempra California as an intermediate holding company between Enova, Pacific Enterprises, and Sempra does not warrant section 854 review.

This conclusion is consistent with Commission precedent. In D.12-04-035, for example, the Commission declined to apply section 854 to a holding company transaction that involved a significantly more complex internal corporate reorganization than that being effectuated through the Proposed Transaction. There, the Commission granted an exemption from section 854 under section 853(b) for proposed transactions involving a change to both the immediate *and* ultimate corporate parent of a California utility, ConocoPhillips Pipeline Company (“CPPL”). The proposed transactions were part of a larger corporate repositioning that resulted in the spin-off from ConocoPhillips of a new, publicly traded holding company, Phillips 66. Through the application, CPPL sought to transfer ownership of its California public utility operations (i) from ConocoPhillips, CPPL’s ultimate corporate parent, to Phillips 66, and (ii) from CPPL’s direct corporate parent, ConocoPhillips Company (“COP”), to Phillips 66’s principal operating subsidiary, Phillips 66 Company. The transfers at issue also contemplated the renaming of CPPL to Phillips 66 Pipeline LLC.

The Commission found that neither of the two proposed transfers involved a change in control that triggered section 854 review. With respect to the change in CPPL’s immediate

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<sup>21</sup> See *id.*; see also *ConocoPhillips*, D.12-04-035 at 5, 2012 Cal. PUC LEXIS 175 (determining that a proposed change in the direct and indirect corporate parent of a utility will not affect the public interest where “the rates, day-to-day operations and management of [the utility] will remain unchanged”).

corporate parent from COP to Phillips 66 Co., because “[e]xisting employees with working control over the utility will continue in their roles,” and Phillips 66 Co. “will play no greater role in the day-to-day affairs of CPPL than has COP,” the Commission found that “the transition from COP to Phillips 66 Company will produce no change in the day-to-day operations or management of CPPL.”<sup>22</sup> The Commission also found that the transfer of CPPL to Phillips 66 Co. would not negatively affect rates or the quality of service provided to the public, while noting that the Commission would retain regulatory authority over CPPL. “Thus, the substitution of Phillips 66 Company for COP as CPPL’s immediate corporate parent represents the type of change in legal control, as opposed to actual control, to which the Commission has declined to apply Section 854.”<sup>23</sup>

The Commission applied “[a] similar analysis . . . to the contemplated change in CPPL’s ultimate parent.”<sup>24</sup> The Commission had previously concluded that the type of “spin-off” corporate reorganization involved in the creation of Phillips 66, whereby 100 percent of the common stock of the new entity is distributed to existing shareholders, does not warrant section 854 review, citing D.93-11-063, D.93-11-011, and D.92-05-006. Since neither the change in the immediate nor the ultimate corporate parent of CPPL required section 854 approval, the Commission granted ConocoPhillips’ application for an exemption under section 853(b).

The Commission has also previously approved an internal holding company reorganization carried out to facilitate financial reporting, similar to the one contemplated here. D.01-12-012 featured an application under section 854(a) for the transfer of a 100 percent

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<sup>22</sup> *ConocoPhillips*, D.12-04-035 at 4–5, 2012 Cal. PUC LEXIS 175.

<sup>23</sup> *Id.* at 5 (citing *SDG&E I* and *PG&E*).

<sup>24</sup> *Id.* at 6.

ownership interest in Pacific Pipeline, a regulated utility, from its immediate parent, PPS Holding Company, to Pacific Energy, an intermediate holding company wholly owned by PPS Holding Company. The primary purpose of the restructuring was “to consolidate PPS Holding’s western United States energy activities for financial reporting purposes by utilizing a separate holding company.”<sup>25</sup> Noting that the internal restructuring was for administrative purposes and would not result in any changes to existing services or operations, and that “[t]here is a public interest in accurate financial reporting,” the Commission deemed the contemplated transfer to be “noncontroversial,” and granted the requested section 854(a) approval without a hearing.<sup>26</sup>

Unlike these precedent transfers, the Proposed Transaction involves a change in *neither* the immediate *nor* ultimate parents of the California Utilities. The Proposed Transaction is therefore even more “noncontroversial” than either the ConocoPhillips or Pacific Pipeline reorganizations, and does not require section 854 review. Both before and after the Proposed Transaction, SDG&E will be wholly owned by Enova, SoCalGas will be wholly owned by Pacific Enterprises, and Sempra will be the ultimate corporate parent of both utilities. The only change would be the creation of Sempra California, one corporate rung below Sempra, to hold the stock of Enova and Pacific Enterprises. The Proposed Transaction, as discussed above, involves no change in direct legal control of the California Utilities, nor any change in actual control. Existing employees with working control over the California Utilities will continue in their roles, and Sempra California, being solely an intermediate holding company, will not impact the day-to-day operations or management of either SDG&E or SoCalGas; as such, the creation of Sempra California will produce no change in the operation or management of the

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<sup>25</sup> D.01-12-012 (*Pacific Pipeline*) at 1–2, 2001 Cal. PUC LEXIS 1132.

<sup>26</sup> *Id.* at 3.

California Utilities. Moreover, like the Pacific Pipeline transaction, the Proposed Transaction's administrative restructuring is in furtherance of aligning with financial reporting, which the Commission has affirmed as in service of the public interest. The logic employed by the Commission to exempt the ConocoPhillips transaction under section 853(b) and to approve the Pacific Pipeline transaction thus applies with even more force to the Proposed Transaction.

For these reasons, SDG&E and SoCalGas respectfully request that the Commission exempt the Proposed Transaction from section 854 review on the basis that such review is not necessary in the public interest, or alternatively, establish that the Proposed Transaction does not constitute a "merger, acquisition, or control activity" subject to section 854.

## **II. INFORMATION REQUIRED BY COMMISSION ARTICLE 2**

### **A. Applicant Information (Rule 2.1(a)).**

SDG&E is a public utility corporation organized and existing under the laws of the State of California, which is engaged in the business of providing electric service in a portion of Orange County and electric and natural gas service in San Diego County. SDG&E's principal place of business and mailing address is 8330 Century Park Court, San Diego, California 92123.

SoCalGas is a public utility corporation organized and existing under the laws of the State of California, which is engaged in the business of providing natural gas service to customers in Central and Southern California. SoCalGas's principal place of business and mailing address is 555 West Fifth Street, Los Angeles, CA 90013.

### **B. Correspondence and Communications (Rule 2.1(b)).**

Correspondence and communications regarding this Application should be addressed or directed to:

For SDG&E:

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**C. Scoping Information (Rule 2.1(c)).**

SDG&E and SoCalGas propose to categorize this Application as a “ratesetting” proceeding within the meaning of Commission Rules 1.3(g) and 7.1(e). Although this Application does not affect rates, it does not fit within the definitions of “adjudicatory,” “catastrophic wildfire,” or “quasi-legislative” proceedings set forth in Rule 1.3. Rule 7.1(e)(2) states that when a proceeding does not fit into any of the categories defined in Rule 1.3, it should be conducted under the rules applicable to ratesetting. Additionally, Rule 1.3(g) states that the other proceedings described in Rule 7.1(e)(2) may be categorized as ratesetting.

SDG&E and SoCalGas respectfully submit that the information submitted in this Application is sufficient to support the requested authorization without the need for an evidentiary hearing. If, however, the Commission finds that a public hearing is necessary, SDG&E and SoCalGas are prepared to proceed, and request that such hearing be conducted as soon as practicable.

The issues to be considered in this application are (1) whether the Commission should determine that section 854 does not apply to the creation of Sempra California, LLC, as an intermediate holding company above Enova and Pacific Enterprises, the direct corporate parents

of SDG&E and SoCalGas, respectively, and below Sempra, the ultimate corporate parent of SDG&E and SoCalGas, and (2) alternatively, whether the Commission should exempt the transaction from section 854 review pursuant to section 853(b). The California Utilities do not expect there to be specific safety-related issues or considerations that will need to be addressed by the Commission in this proceeding.

As demonstrated in this Application, the Proposed Transaction will neither adversely affect the public interest nor raise any issues likely to be contested. Consequently, SDG&E and SoCalGas request timely consideration and approval of this Application. To that end, SDG&E and SoCalGas propose the following procedural schedule:

Application Filed	May 30, 2025
Protests and Responses	30 days from date notice appears in the Daily Calendar (or approx. July 11, 2025)
Reply to Protests and Responses	Within 10 days of last day for protest/response (or approx. July 22, 2025)
<i>If no protests/responses:</i>	
Proposed Decision	30 days from protest/response due date (or approx. August 11, 2025)
Commission Decision	30 days after Proposed Decision (on or after approx. September 12, 2025)
<i>If protests/responses:</i>	
Proposed Decision	30 days from reply to protests/responses
Commission Decision	30 days after Proposed Decision

**D. Organization and Qualification to Transact Business (Rule 2.2).**

A certified copy of SDG&E’s Restated Articles of Incorporation, as last amended, presently in effect and certified by the California Secretary of State, was previously filed with the Commission on September 10, 2014, in connection with SDG&E’s Application 14-09-008, and is incorporated herein by reference.

A certified copy of SoCalGas’s Restated Articles of Incorporation, as last amended, presently in effect and certified by the California Secretary of State, was previously filed with the Commission on October 1, 1998, in connection with SoCalGas’s Application 98-10-012, and is incorporated herein by reference.

**E. Information Submitted in Compliance with CEQA (Rule 2.4).**

CEQA requires any California government agency approving a discretionary project to consider the environmental impacts of its decisions. A “project” is an activity that “may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment” and either (a) is directly undertaken by any public agency, (b) is supported by contracts, grants, subsidies, loans, or other forms of assistance from a public agency, or (c) involves the issuance of a lease, permit, license, certificate, or other entitlement for use by one or more public agencies.<sup>27</sup>

The Proposed Transaction does not constitute a “project”—and thus is exempt from CEQA review—because it does not involve any physical change in the environment, direct or indirect. There will be no change in utility rates, service quality, or the terms and conditions of service for either SDG&E or SoCalGas as a consequence of the Proposed Transaction, nor does the Proposed Transaction involve any construction that might have an environmental impact.

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<sup>27</sup> Cal. Pub. Res. Code § 21065.

The Commission has previously ruled that transactions not involving any proposed construction are exempt from CEQA pursuant to section 15061(b)(3) of the CEQA guidelines,<sup>28</sup> which provides for “the common sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment.”<sup>29</sup>

### III. SERVICE

This is a new application. No service list has been established. Accordingly, the California Utilities will serve this Application on parties to the service list for their most recent consolidated General Rate Case (A.22-05-015/A.22-05-016).

### IV. CONCLUSION

The California Utilities request an exemption pursuant to Pub. Util. Code section 853(b) from review of the Proposed Transaction under section 854, or, in the alternative, an order pursuant to section 854(a) finding that the Proposed Transaction does not constitute an activity subject to section 854.

Respectfully submitted,

/s/ Melissa Hovsepian

Melissa Hovsepian

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/s/ John A. Pacheco

John A. Pacheco

Attorney for:

San Diego Gas & Electric Company

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San Diego, CA 92123

Email: jpacheco@sdge.com

Dated: May 30, 2025

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<sup>28</sup> D.18-07-015 at 10.

<sup>29</sup> 14 Cal. Code Reg. § 15061(b)(3).

**VERIFICATION**

I, the undersigned, say:

I am a shared officer of San Diego Gas & Electric Company, a corporation, and Southern California Gas Company, a corporation, and am authorized to make this verification for that reason. I have read the foregoing “Application of SDG&E and SoCalGas for an Exemption Pursuant to Section 853 of the Public Utilities Code with Respect to the Creation of an Intermediate Holding Company, or Alternatively, for an Order Finding that the Proposed Transaction Does Not Constitute an Activity Subject to Section 854,” and I am informed and believe the matters therein are true and on that ground I allege that the matters stated therein are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at San Diego, California this 30th day of May 2025.

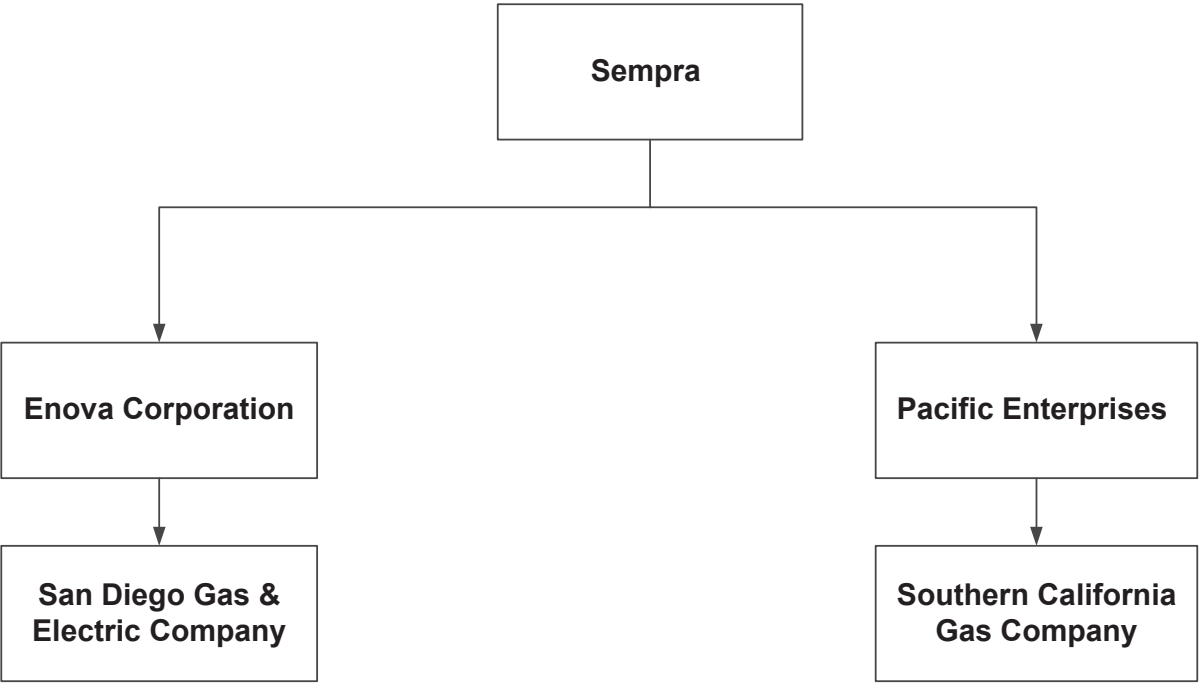
*/s/ Dan Skopec*

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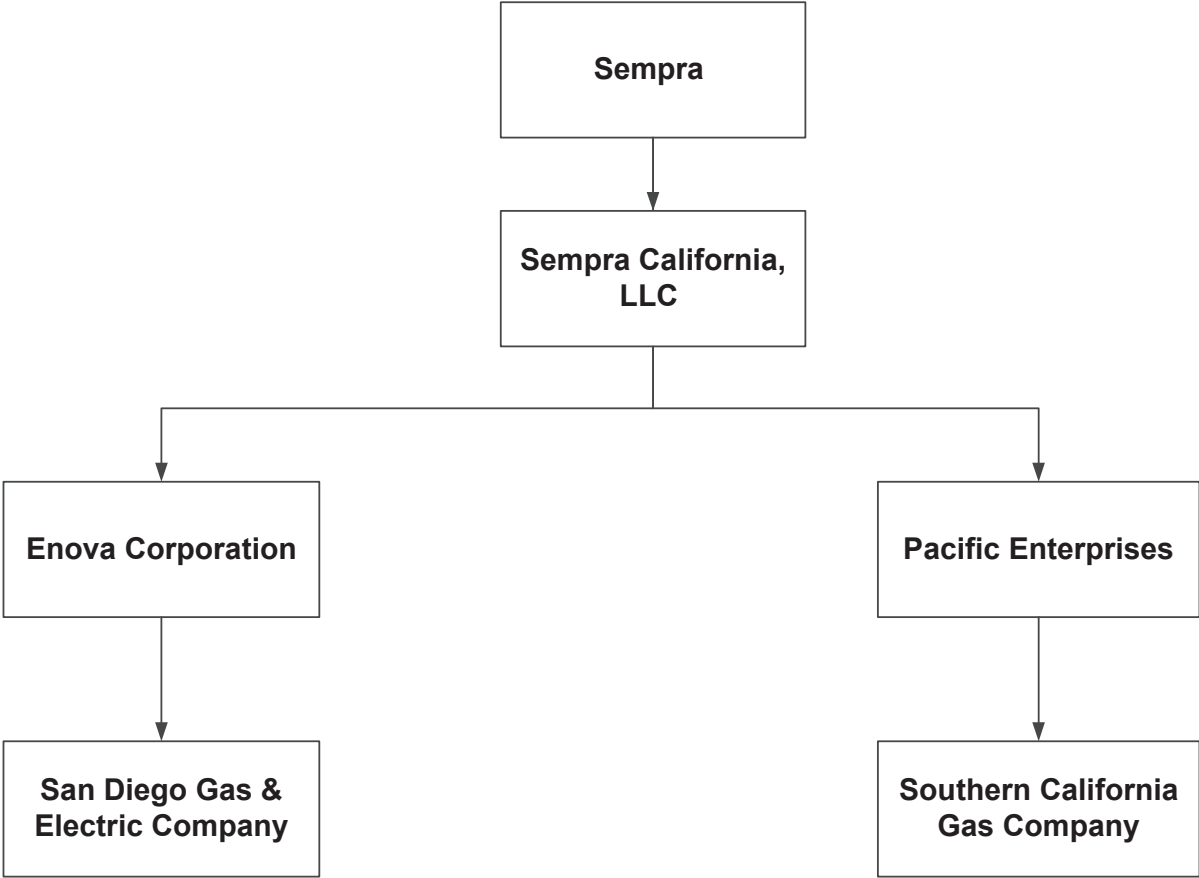
Dan Skopec  
SVP & Chief Regulatory Officer  
San Diego Gas & Electric Company and  
Southern California Gas Company

**Exhibit A**

**Ownership Chart and  
Ownership Chart Post Transaction**



Organizational Chart for  
Post-Transaction



**Exhibit B**  
**Contribution Agreement**

## CONTRIBUTION AGREEMENT

This CONTRIBUTION AGREEMENT (this “*Agreement*”) is made as of [●], 2025 (the “*Effective Date*”), by and among Sempra (“*Sempra*”) and Sempra California, LLC (“*Sempra California*”) and together with Sempra, the “*Parties*” and, individually, each a “*Party*”).

### RECITALS

WHEREAS, Pacific Enterprises (“*Pacific Enterprises*”) is a wholly owned subsidiary of Sempra;

WHEREAS, Enova Corporation (“*Enova*”) is a wholly owned subsidiary of Sempra;

WHEREAS, Sempra California is a wholly owned subsidiary of Sempra; and

WHEREAS, Sempra desires to contribute, convey, transfer and assign to Sempra California all right, title, and interest in and to the shares of Enova that Sempra owns and the shares of Pacific Enterprises that Sempra owns, and Sempra California desires to accept from Sempra such contribution, conveyance, transfer and assignment.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

### AGREEMENT

1. Contributions.

(a) ***Enova Share Contribution.*** Upon the terms and subject to the conditions of this Agreement, Sempra hereby contributes, conveys, transfers and assigns to Sempra California all right, title, and interest in and to the shares of Enova that Sempra owns, and Sempra California hereby accepts such contribution, conveyance, transfer and assignment from Sempra, as of the Effective Date.

(b) ***Pacific Enterprises Share Contribution.*** Upon the terms and subject to the conditions of this Agreement, Sempra hereby contributes, conveys, transfers and assigns to Sempra California all right, title, and interest in and to the shares of Pacific Enterprises that Sempra owns, and Sempra California hereby accepts such contribution, conveyance, transfer and assignment from Sempra, as of the Effective Date.

2. No Third-Party Beneficiaries. The provisions of this Agreement are intended to bind the Parties as to one another and are not intended to and do not create rights in any other person or confer upon any other person any benefits, rights or remedies, and no person is or is intended to be a third-party beneficiary of any of the provisions of this Agreement.

3. Amendment or Modification. This Agreement may be amended or modified from time to time only by an instrument in writing duly executed by each of the Parties hereto.

4. Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns.

5. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California applicable to contracts made and to be performed wholly within such state without giving effect to conflict of law principles thereof.

6. Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision or provisions shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision or provisions were so excluded and shall be enforceable in accordance with its terms.

7. Counterparts. This Agreement may be executed in any number of counterparts (including by electronic means), each such counterpart being deemed to be an original instrument, and all such counterparts taken together constituting one and the same agreement.

8. Headings. The headings and captions of various paragraphs of this Agreement are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

9. Further Assurances. Each of the Parties agrees to cooperate at all times from and after the Effective Date with respect to all of the matters described herein, and to execute such further documents as are reasonably necessary or desirable to effectuate the purposes of the Contributions and this Agreement, without cost or liability to any such Party.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date set forth above.

**SEMPRA**

By: \_\_\_\_\_  
Name:  
Title:

**SEMPRA CALIFORNIA, LLC**

By: \_\_\_\_\_  
Name:  
Title: