



PUBLIC UTILITIES COMMISSION

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TO PARTIES OF RECORD IN RULEMAKING 24-09-012:

This is the proposed decision of Commissioner Karen Douglas. 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 July 24, 2025, 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:abb

Attachment

Decision **PROPOSED DECISION OF COMMISSIONER DOUGLAS**
MAILED (6/23/25)

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 24-09-012

**DECISION AUTHORIZING GAS UTILITIES TO ESTABLISH MEMORANDUM
ACCOUNTS RELATED TO SB-1221 MAPPING**

TABLE OF CONTENTS

Title	Page
DECISION AUTHORIZING GAS UTILITIES TO ESTABLISH MEMORANDUM ACCOUNTS RELATED TO SB-1221 MAPPING.....	2
Summary	2
1. Background	2
1.1. Submission Date	6
2. Issues Before the Commission.....	6
3. Legal Standard	6
4. Discussion.....	7
4.1. Utility Control of SB-1221 Mapping Costs	7
4.1.1. Party Comments	7
4.1.2. Discussion	8
4.2. Utility Inclusion of Mapping Costs in Last GRC	9
4.2.1. Party Comments	9
4.2.2. Discussion	10
4.3. SB-1221 Mapping Costs Incurred Before Next GRC	10
4.3.1. Party Comments	10
4.3.2. Commission Finding	11
4.4. Amount of SB-1221 Mapping Costs	11
4.4.1. Party Comments	11
4.4.2. Discussion	14
4.5. Benefit to Ratepayers	15
4.5.1. Party Comments	15
4.5.2. Discussion	17
5. Summary of Public Comment	17
6. Conclusion.....	17
7. Comments on Proposed Decision	18
8. Assignment of Proceeding	19
Findings of Fact	19
Conclusions of Law	20
ORDER.....	20

**DECISION AUTHORIZING GAS UTILITIES TO ESTABLISH
MEMORANDUM ACCOUNTS RELATED TO SB-1221 MAPPING**

Summary

This decision permits each gas utility subject to the Assigned Commissioner's Ruling Issuing Senate Bill 1221 Mapping Directions to Utilities, filed on April 18, 2025,¹ to establish a memorandum account to record expenses related to complying with mapping activities per Public Utilities Code Section 661. The gas utility may record such expenses in its memorandum account effective April 21, 2025. Each gas utility may record expenses in its respective memorandum account until January 1 of the Test Year of its next general rate case upon which time recording in the memorandum account must cease and ongoing expenses related to mapping activities under Pub. Util. Code Section 661 must be covered in its new general rate case. The reasonableness and recovery of the expenses recorded in such memorandum accounts will not be reviewed in the proceeding, but may be addressed in each utility's next general rate case.

This rulemaking shall remain open.

1. Background

On September 26, 2024, the California Public Utilities Commission (Commission) opened this Order Instituting Rulemaking (OIR) to advance long-term gas transition planning work and act on opportunities to advance decarbonization and mitigate risks. On January 31, 2025, the Assigned

¹ Subject utilities include Pacific Gas and Electric Company (PG&E), Southwest Gas Corporation (Southwest), Southern California Gas Company (SoCalGas), San Diego Gas and Electric Company (SDG&E), and small gas utilities per Section 8 of the Assigned Commissioner's Ruling Issuing Senate Bill 1221 Mapping Directions to Utilities, filed April 18, 2025.

Commissioner issued the Scoping Memo and Ruling (Scoping Memo) setting forth the issues the proceeding will address. The Scoping Memo notified parties that the proceeding will examine Senate Bill (SB) 1221 implementation issues in two tracks. Track-1 will address SB-1221 Mapping Requirements per Public Utility (Pub. Util.) Code Section 661. Track-2 will address Priority Neighborhood Decarbonization Zones per Pub. Util. Code Section 662.²

On February 20, 2025, the assigned Administrative Law Judges (ALJs) issued a ruling requesting party comments on the Energy Division's "Recommendations for Senate Bill (SB) 1221 California Natural Gas System Mapping" (Staff Proposal). The Staff Proposal recommends that Pacific Gas and Electric Company (PG&E), Southern California Gas Company (SoCalGas), San Diego Gas and Electric Company (SDG&E), and Southwest Gas Corporation (Southwest) (together, gas utilities) should map and provide to the Commission certain information in compliance with Pub. Util. Code Section 661.

After reviewing the Staff Proposal, the gas utilities highlighted the need for cost recovery for their SB-1221 mapping activities. SoCalGas and SDG&E requested an immediate funding mechanism and assurance of timely and complete cost recovery.³ PG&E stated that it expected significant incremental costs of implementing SB-1221 and requested that the Commission expeditiously authorize a new memorandum account.⁴ In reply comments, PG&E estimated that mapping data "could cost millions" and expressed its intent to request that

² Scoping Memo at 3.

³ Joint IOUs Opening Comments on Staff Proposal at 13-14.

⁴ PG&E Opening Comments on Staff Proposal at 2, 6.

the Commission issue a decision approving the utilities to file one-way balancing accounts.⁵

The Utility Reform Network (TURN) opposed PG&E's request for a memorandum account.⁶ According to TURN, the recovery PG&E requests is "based on forecasted, speculative costs that may not be incremental to similar costs already included in its authorized revenue requirement."⁷ TURN asserted the Commission may have a basis for concluding that any data and mapping-related costs are appropriately treated as covered and adopted in a general rate case (GRC) revenue requirement.⁸

On April 18, 2025, the assigned Commissioner directed gas utilities to include certain information on the maps SB-1221 requires them to submit to the Commission by July 1, 2025.⁹ The Commissioner's direction deviated from the Staff Proposal to only require "a limited set of data" that "focuses on basic compliance with Pub. Util. Code Sections 661(a)(1)-(3)" and publicly available electric information.¹⁰ In other words, it pared down the data described in the Staff Proposal.

On April 21, 2025, the assigned Commissioner amended the Scoping Memo to address comments received by the gas utilities and TURN on cost recovery issues. The Scoping Memo was updated to include an additional issue in Phase-3, Track-1:

⁵ PG&E Reply Comments on Staff Proposal at 2, 8.

⁶ TURN Reply Comments on Staff Proposal at 4-6.

⁷ *Id.* at 5.

⁸ *Ibid.*

⁹ *See generally* Assigned Commissioner's Ruling Issuing Senate Bill 1221 Mapping Directions to Utilities (April 18, 2025) (directing utilities, in part, to comply with mapping requirements).

¹⁰ *Id.* at 1.

“e. Should the utilities be authorized to track costs associated with complying with Section 661 in a new or existing memorandum account for future recovery requests?”¹¹

Responding parties were required to file and serve opening comments on the new scoping issues by May 2, 2025, and reply comments by May 9, 2025.¹²

The ruling asked parties to justify their positions by explaining whether the costs associated with SB-1221 mapping:

- a. Are not under the utility’s control;
- b. Could not have been reasonably foreseen in the utility’s last general rate case;
- c. Will occur before the utility’s next scheduled rate case;
- d. Are of a substantial nature in that the amount of money involved is worth the efforts of processing a memorandum account; and
- e. Have ratepayer benefits.¹³

Opening comments were filed by PG&E; SDG&E, SoCalGas, and Southwest (collectively the Joint Utilities); Southern California Edison (SCE); the Public Advocates Office at the California Public Utilities Commission (Cal Advocates); Small Business Utility Advocates (SBUA); TURN; and the Utility Consumers’ Action Network (UCAN).

¹¹ See Assigned Commissioner’s Amendment to Scoping Memo and Ruling and Requesting Comment on Cost Recovery Issue at 4.

¹² See Assigned Commissioner’s Amendment to Scoping Memo and Ruling and Requesting Comment on Cost Recovery Issue at 4.

¹³ Standard Practice U-27-W at 44, available at https://docs.cpuc.ca.gov/published/REPORT/84069.htm#P267_22467

Reply comments were filed by PG&E, the Joint Utilities, Cal Advocates, TURN, UCAN, and jointly by Indicated Shippers (IS) and the Agricultural Energy Consumers Association (AECA).

1.1. Submission Date

This matter was submitted on May 9, 2025, upon the filing of party reply comments.

2. Issues Before the Commission

The single issue this decision addresses is whether to allow the gas utilities to establish memorandum accounts for Pub. Util. Code Section 661 mapping activities. This decision does not assess the reasonableness of any costs incurred or authorize any cost recovery. The term “SB-1221 Mapping” refers to requirements in Pub. Util. Code Section 661 and the Commission’s direction to utilities to implement these requirements.

3. Legal Standard

According to Standard Practice U-27-W, memorandum accounts represent an off-book accounting record. Utilities may not use a memorandum account to track costs and seek recovery unless authorized by the Commission.

A memorandum account may be appropriate for costs that are:

- a. Not under the utility’s control,
- b. Could not have been reasonably foreseen in the utility’s last general rate case, (c) that will occur before the utility’s next scheduled rate case,
- c. Are of a substantial nature in that the amount of money involved is worth the effort of processing a memorandum account; and
- d. Have ratepayer benefits.

We apply the criteria in Standard Practice U-27-W to determine whether to authorize the gas utilities to track costs associated with SB-1221 mapping.

4. Discussion

4.1. Utility Control of SB-1221 Mapping Costs

4.1.1. Party Comments

All gas utilities state that SB-1221 mapping costs are not under their control because SB-1221 and Commission directions dictate what and how to map. PG&E goes further to claim that forcing utilities to absorb unforeseen costs to implement SB-1221 violates the rule against retroactive ratemaking.¹⁴ The Joint Utilities state that costs related to SB-1221 activities are outside of their respective GRC processes because the Legislature passed SB-1221 after they filed their GRCs.¹⁵

SCE states that it is unclear if costs are outside of the gas utilities' control. There are unknowns associated with the SB-1221 mapping protocol, including confidentiality concerns and additional potential Commission requirements. SCE asserts that it is not possible to identify with any reasonable accuracy the costs associated with implementing these protocols.¹⁶

Cal Advocates states that costs are under the gas utilities' control. Cal Advocates says that PG&E's statement that costs "could cost millions" is speculation and provides no supporting documentation.¹⁷ Cal Advocates states that additional detailed cost information must be provided by the gas utilities, including recorded costs, a forecast of costs up to July 1, 2025, and a forecast of costs reasonably estimated for the period after July 1, 2025.¹⁸

¹⁴ See PG&E Opening comments at 1, 4.

¹⁵ See Joint Utilities Reply comments at 3.

¹⁶ See SCE Opening Comments at 2, 3.

¹⁷ See Cal Advocates Opening comments at 2.

¹⁸ See Cal Advocates Reply comments at 3.

TURN states that “uncertainty” is not the same as costs being “speculative.” Referring to when costs are “uncertain,” TURN states the Commission has authorized memorandum accounts with a wide range of possible costs to comply with new legislation. In this case, TURN believes the costs are more speculative. “Speculative” costs are those that may not need to be incurred based on reasonable information concerning implementation activities. TURN cites Application 21-05-010, where the Commission denied a request for a memorandum account by SoCalGas based on “vague assertions” to comply with federal regulations.¹⁹

UCAN acknowledges that the Commission will direct the gas utilities in some aspects. However, UCAN asserts that the utilities are ultimately in control of costs because the utilities will make many decisions independent of the Commission’s direction, including mapping processes, use of contractors, level of map completeness, and map accessibility.²⁰

4.1.2. Discussion

The Commission finds that while some aspects of SB-1221 mapping have a degree of utility control, such as internal processes, data sourcing, and integration with other mapping and database activities in their GRCs, the fundamental tasks required of the gas utilities are directed by statute and the Commission. We, therefore, find that the gas utilities are not sufficiently in control of SB-1221 mapping costs.

¹⁹ See Opening Comments of TURN at 5, citing D.22-02-011, at 6-7.

²⁰ See Opening Comments of UCAN at 3.

4.2. Utility Inclusion of Mapping Costs in Last GRC

4.2.1. Party Comments

All gas utilities point out that SB-1221 was enacted into law in September 2024. PG&E's last GRC decision was issued on November 17, 2023.²¹ Sempra's last GRC was submitted to the Commission on May 16, 2022.²² Southwest's last GRC was approved in March 2021.²³ The gas utilities state they could not have foreseen the SB-1221 costs before their last GRC decisions.

SCE states that because the gas utilities filed their previous GRCs prior to SB-1221, gas utilities would not have been able to reasonably foresee the costs of a statute not yet signed into law.

Cal Advocates states that a memorandum account is neither necessary nor reasonable. If there are unforeseen incremental costs, utilities should first be held to the prudent manager standard and should be required to make the necessary budget reallocations within their current revenue requirement. Cal Advocates further states that utilities have other options, such as filing a separate SB-1221 memorandum account application or requesting a Z-Factor memorandum account.²⁴

TURN states that just because a particular activity could not have been specifically included in the last rate case forecast does not mean that the utility cannot control the related costs or fund the activity in existing rates by shifting or reprioritizing spending. TURN asserts that the Commission authorized PG&E and SoCalGas substantial amounts of money in their GRCs to perform mapping

²¹ See Opening Comments of PG&E at 2.

²² Sempra utilities are comprised of SoCalGas and SDG&E.

²³ See Opening comments of Joint Utilities at 4-5.

²⁴ See Opening Comments of Cal Advocates at 3.

and database work, perhaps akin to work being contemplated to comply with SB-1221 mapping requirements.²⁵

UCAN states that costs should have been foreseen and cites involvement in Rulemaking 20-01-007.²⁶

4.2.2. Discussion

The Commission finds that the gas utilities could not have reasonably foreseen SB-1221 mapping costs while developing their last GRCs. Though the gas utilities have been involved in long-term gas planning both in this proceeding and in its predecessor proceeding (R.20-01-007), the issue here is the mapping requirements of SB-1221. This issue was not present in R.20-01-007, nor was it included in the initial scope shown in the OIR for this proceeding. It was first included in the Scoping Memo filed on January 31, 2025.

4.3. SB-1221 Mapping Costs Incurred Before Next GRC

4.3.1. Party Comments

All gas utilities state that costs from complying with SB-1221 mapping requirements will be incurred before their next GRCs. PG&E's next GRC effective date is January 1, 2027. The Sempra GRC will be effective in 2028 and Southwest Gas in 2031.²⁷

SCE states it cannot opine on what costs will be ascertainable when the gas IOUs file their next GRC applications.

Cal Advocates states that there is more than sufficient time to incorporate forecasts in GRC revenue requirements, and the utilities should file and support

²⁵ See Opening Comments of TURN at 6.

²⁶ See Opening Comments of UCAN at 3.

²⁷ The Sempra utilities are comprised of SoCalGas and SDG&E.

those forecasts in their respective GRC proceedings. UCAN states that costs will occur before the final GRC decisions.

4.3.2. Commission Finding

The Commission agrees with all parties and finds that costs will be incurred prior to the resolution of gas utilities' next GRCs. The gas utilities shall include forecasts of SB-1221 mapping costs in their next GRC applications.

4.4. Amount of SB-1221 Mapping Costs

4.4.1. Party Comments

PG&E states that costs are expected to be at least \$1 million.²⁸ PG&E cites the costs of creating the map; developing a system for registering, qualifying, and providing access and its underlying data to the Commission and eligible public; and ensuring cyber-security, consumer useability, and customer privacy.²⁹ PG&E asserts that it is also uncertain what scope and additional layers may be required by the Commission.³⁰

The Joint Utilities state that costs are likely to be substantial and worth the effort of processing a memorandum account. They estimate the costs at \$12 million or more across all three utilities, with ongoing costs of \$1.5 million to \$2 million annually.³¹ They recommend implementing SB-1221 mapping efforts in a way that assures such costs are tracked and recovered in a transparent and comprehensive manner.³²

²⁸ See Opening Comments of PG&E at 2-3.

²⁹ *Ibid.*

³⁰ *Ibid.*

³¹ See Opening Comments of Joint Utilities at 6-7.

³² See Reply Comments of Joint Utilities at 3.

SCE says it is premature to opine if costs will be substantial.³³ If they are, SCE argues that gas utilities can at least track those costs in a memorandum account. SCE states that a balancing account may be more appropriate because memorandum accounts merely track costs and do not authorize recovery of those costs.³⁴ SCE urges the Commission to authorize the utilities to track costs so that the Commission can later perform a reasonableness review either in other tracks of this proceeding, the respective GRCs of each utility, or other proceedings.³⁵

Cal Advocates states that the utilities provide no details to support cost assertions and the Commission should have actual evidence of substantial costs before it approves the memorandum accounts.³⁶ If the Commission approves memorandum accounts, Cal Advocates recommends that the utilities should be required to file:

1. Revised draft preliminary statements that include limited mapping requirements;
2. Have an effective date no sooner than the Commission decision date; and
3. Detailed cost information for SB-1221 mapping requirements.³⁷

Cal Advocates further recommends that detailed costs include the recorded costs, a forecast of costs up to July 1, 2025, and a forecast of costs reasonably estimated for the period after July 1, 2025, until the utility's next

³³ See Opening Comments of SCE at 4.

³⁴ *Ibid.*

³⁵ *Ibid.*

³⁶ See Reply Comments of Cal Advocates at 3.

³⁷ *Ibid.*

GRC.³⁸ In its next GRC, the utilities can forecast ongoing costs and request cost recovery as part of their revenue requirements.³⁹

TURN states that it believes the SB-1221 mapping costs are speculative and may not be substantial.⁴⁰ TURN recommends requiring the utilities to file a separate motion that quantifies and adequately supports the purported basis for the request.⁴¹

UCAN states that utilities have completed significant mapping of their systems to comply with state and federal safety standards.⁴² UCAN notes that PG&E did not provide the Commission with any calculations or work papers to justify costs.⁴³ UCAN states that the Commission should reject the utilities' request for additional funding.⁴⁴ If the Commission allows utilities to track mapping expenses, UCAN recommends that the Commission immediately issue a decision or ruling granting the utilities the option of opening a memorandum account to track costs for SB-1221 mapping activities.⁴⁵ UCAN further recommends that the Commission require utilities to file a joint application for cost recovery of SB-1221 mapping costs within 30-days of the Commission issuing a decision finding the final draft of SB-1221 mapping has been completed.⁴⁶

³⁸ *Ibid.*

³⁹ *Ibid.*

⁴⁰ See Opening Comments of TURN at 4.

⁴¹ See Opening Comments of TURN at 3.

⁴² See Opening comments of UCAN at 4.

⁴³ *Ibid.*

⁴⁴ See Opening Comments of UCAN at 1.

⁴⁵ *Ibid.*

⁴⁶ *Ibid.*

SBUA supports the inclusion of memorandum accounts in the scope of the proceeding.

IS/AECA states that parties' opening comments show it is neither necessary nor reasonable for the Commission to authorize a memorandum account for tracking compliance costs for SB-1221 mapping. The Commission should decline to authorize memorandum accounts and instead require the gas utilities to accomplish the mapping activities by reallocating funds that have already been authorized for similar or related activities.

4.4.2. Discussion

We agree with parties that it is currently unclear if the costs gas utilities may incur as a result of their SB-1221 mapping work will be substantial and may be speculative. There are outstanding questions about how maps should be created and coordinated across utilities, as well as data sharing questions and confidentiality and security issues that have yet to be resolved. Additionally, the Commission may require the maps to include additional information as needed per Pub. Util. Code Section 661(a)(4).

SB-1221 mapping is also a multi-year effort. Gas utilities must submit maps to the Commission by July 1 of each year until 2030, upon which time the Commission may determine if gas utilities will continue to be subject to the mapping requirement.⁴⁷ Over time, the maps and processes will certainly improve as they evolve to meet the needs of SB-1221.

There is also no consensus among the parties as to how much SB-1221 mapping activities will cost. Even among the gas utilities, estimates vary widely.

⁴⁷ See Pub. Util. Code Section 661, *et. seq.*

Despite these questions, we find that the costs associated with SB-1221 (which will exceed \$1 million by all utility estimates) are worth the effort of processing a memorandum account. A memorandum account will provide a transparent accounting mechanism for the Commission, parties, and the public to see the costs incurred from this activity. As SCE points out in its comments, memorandum accounts merely track costs and do not authorize recovery of those costs. The Commission may decide whether to authorize recovery of some or all costs in another proceeding or in the gas utilities' next GRC.

4.5. Benefit to Ratepayers

4.5.1. Party Comments

PG&E states that the Legislature and Commission have already determined that implementing SB-1221, including mapping requirements, will have ratepayer benefits.⁴⁸

The Joint Utilities state that tracking costs benefits ratepayers by accurately and transparently tracking and accounting for the full cost of SB-1221. Proper tracking helps to understand whether and how non-pipeline alternatives should be properly deployed.⁴⁹ The Joint Utilities state that SB-1221 mapping costs have the potential to be substantial. The Joint Utilities assert that an important aspect of SB-1221 is to assess cost-effectiveness, which necessitates calculation and quantification of ratepayer benefits and costs resulting from these activities.⁵⁰

Cal Advocates is unaware of any previous memorandum account request utilities made in comments or reply comments in a rulemaking. The

⁴⁸ See Opening Comments of PG&E at 3.

⁴⁹ See Opening Comments of Joint Utilities at 8.

⁵⁰ See Reply Comments of Joint Utilities at 3.

Commission has yet to be assured that memorandum accounts “have ratepayer benefits.”⁵¹

TURN states that tracking costs in a memorandum account shifts risks to ratepayers, disincentivizes cost control measures, and will continue the trend of increased rate volatility.⁵² TURN asserts that memorandum accounts defer cost recovery, potentially diminishing the incentive for accurate forecasting and prudent budgeting as utilities anticipate future recovery through memorandum accounts rather than proactively managing costs. TURN further asserts that memorandum accounts fragment regulatory oversight and reduce transparency by permitting isolated cost tracking across multiple accounts outside the GRC.⁵³

UCAN states it is impossible to determine at this point if mapping activities will benefit ratepayers. At most, UCAN recommends that the Commission grant the gas utilities the option of opening a memorandum account, and that under no circumstances should the mapping costs be approved in any type of balancing account.⁵⁴

IS/AECA assert that authorizing memorandum account treatment for SB-1221 mapping costs would improperly shift risks to ratepayers, disincentivize cost control measures, and contribute to rate volatility.⁵⁵ IS/AECA state that these outcomes directly contravene the Commission’s stated objectives to maintain affordability and mitigate natural gas transition risks to ratepayers.⁵⁶

⁵¹ See Opening Comments of Cal Advocates at 4.

⁵² See Opening Comments of TURN at 3.

⁵³ See Opening Comments of TURN at 8-9.

⁵⁴ See Opening Comments of UCAN at 6.

⁵⁵ See Reply Comments of IS/AECA at 2.

⁵⁶ *Ibid.*

Critically, these outcomes would also fail to promote SB-1221's requirement that the Commission facilitate cost-effective decarbonization efforts.⁵⁷

4.5.2. Discussion

The Commission believes it is beneficial for the gas utilities to utilize memorandum accounts to track and record their SB-1221 mapping costs. This will provide a common transparent accounting mechanism for the Commission, parties, and the public to see the costs incurred with this activity.

5. Summary of Public Comment

Rule 1.18 allows any member of the public to submit written comment 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 comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

There are no public comments on the Docket Card relevant to the establishment of memorandum accounts or cost recovery.

6. Conclusion

Pub. Util. Code Section 1731(a) states that the Commission "may set the effective date of an order or decision before the date of issuance of the order or decision." The Commission has authorized recording in memorandum accounts prior to a decision date when deemed appropriate.⁵⁸ In this case, the Commission believes authorization of memorandum accounts will provide a

⁵⁷ *Ibid.*

⁵⁸ See D. 18-06-029, D.18-11-051, and D.20-11-034, authorizing PG&E, SCE, and Liberty Utilities to establish Wildfire Expense Memorandum Accounts before the decision date.

common transparent accounting mechanism for the Commission, parties, and the public to see the costs incurred with this activity.⁵⁹

Each gas utility subject to the Assigned Commissioner's Ruling Issuing Senate Bill 1221 Mapping Directions to Utilities, filed on April 18, 2025,⁶⁰ may establish a memorandum account to record expenses related to complying with mapping activities per Pub. Util. Code Section 661. The gas utility may record such expenses in its memorandum account effective April 21, 2025.⁶¹ Each gas utility may record expenses in its respective memorandum account until January 1 of the Test Year of its next general rate case upon which time recording in the memorandum account must cease and ongoing expenses related to mapping activities under Pub. Util. Code Section 661 must be covered in its new GRC. The Commission may decide whether to authorize recovery of some or all costs in another proceeding or in the gas utilities' next GRC.

7. Comments on Proposed Decision

The proposed decision of Commissioner Karen Douglas in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities 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 _____.

⁵⁹ See Section 4.5.2.

⁶⁰ Subject utilities include PG&E, Southwest Gas, SoCalGas, SDG&E, and Small Gas Utilities per Section 8 of the Assigned Commissioner's Ruling Issuing Senate Bill 1221 Mapping Directions to Utilities, filed April 18, 2025.

⁶¹ April 21, 2025 is the issuance date of the Assigned Commissioner's Amendment to the Scoping Memo.

8. Assignment of Proceeding

Karen Douglas is the assigned Commissioner and Robyn Purchia and David R. Van Dyken are the assigned Administrative Law Judges in this proceeding.

Findings of Fact

1. The OIR in this proceeding was opened by the Commission on September 26, 2024.
2. The original Scoping Memo for this proceeding was filed on January 31, 2025, and includes implementation of SB-1221's mapping provisions within the scope of this proceeding.
3. On February 20, 2025, the ALJs issued a ruling requesting comment on the Energy Division's Staff Proposal, where the gas utilities commented on the need for cost recovery for SB-1221 mapping activities and PG&E requested authorization of a new memorandum account.
4. On April 18, 2025, the assigned Commission directed utilities to map a more limited set of data than the data contemplated in the Staff Proposal.
5. On April 21, 2025, the assigned Commissioner issued an amendment to the scoping memo asking if utilities should be authorized to track costs in a memorandum account.
6. The term "SB-1221 Mapping" refers to requirements in Pub. Util. Code Section 661.
7. A memorandum account represents an off-book accounting record.
8. Utilities may only track and seek recovery for costs in a memorandum account if authorized by the Commission.
9. A memorandum account may be appropriate for costs that are:
 - a. Not under the utility's control;

- b. Could not have been reasonably foreseen in the utility's last general rate case;
- c. That will occur before the utility's next scheduled rate case;
- d. Are of a substantial nature in that the amount of money involved is worth the effort of processing a memorandum account; and
- e. Have ratepayer benefits.

10. The Commission has authorized recording in memorandum accounts prior to a decision date when deemed appropriate.

11. A memorandum account will provide a transparent accounting mechanism for the Commission, parties, and the public to see the costs incurred from SB-1221 mapping work.

12. The Commission may decide whether to authorize recovery of some or all costs in the gas utilities' next GRC.

Conclusions of Law

1. It is reasonable for the gas utilities to track SB-1221 mapping costs in a memorandum account because the costs are not under the utility's control, could not have been reasonably foreseen in the utility's last general rate case, will occur before the utility's next scheduled rate case, are worth the effort of processing a memo account, and have ratepayer benefits.

2. Pub. Util. Code Section 1731(a) states that the Commission "may set the effective date of an order or decision before the date of issuance of the order or decision."

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company, Southern California Gas Company, San Diego Gas and Electric Company, Southwest Gas Corporation, and other small gas utilities that serve retail customers in California are authorized to

establish their own Memorandum Accounts effective April 21, 2025, for work related to Public Utilities Code Section 661 mapping work.

2. Pacific Gas and Electric Company, Southern California Gas Company, San Diego Gas and Electric Company, Southwest Gas Corporation, and other small gas utilities that serve retail customers in California, should the utility wish to open a Memorandum Account to record costs related to Public Utilities Code Section 661 mapping work, shall request to do so by filing a Tier-1 Advice Letter no later than 60-days from the date of this decision.

3. The Memorandum Account tariff language must specify that only incremental costs may be recorded in the account, and that entries in the account are segregated by cost type.

4. Pacific Gas and Electric Company, Southern California Gas Company, San Diego Gas and Electric Company, Southwest Gas Corporation, and other small gas utilities that serve retail customers in California may record expenses in its respective memorandum account until January 1 of the Test Year of its next general rate case (GRC) upon which time recording in the memorandum account must cease and ongoing expenses related to mapping activities under Public Utilities Code Section 661 must be included in its new GRC.

5. Rulemaking 24-09-012 remains open.

This order is effective today.

Dated _____, 2025, at San Francisco, California