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FILED

07/16/25

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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A2503010

Application of Pacific Gas and Electric Company for Authority to Establish Its Authorized Cost of Capital for Utility Operations for 2026. (U 39 M)	Application 25-03-010
(NOT CONSOLIDATED)	
Application of SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) for Authority to Establish Its Authorized Cost of Capital for Utility Operations for 2026 and to Reset the Annual Cost of Capital Mechanism.	Application 25-03-011
(NOT CONSOLIDATED)	
Application of Southern California Edison Company (U338E) for Authority to Establish Its Authorized Cost of Capital for Utility Operations for 2026 and Reset the Annual Cost of Capital Adjustment Mechanism.	Application 25-03-012
(NOT CONSOLIDATED)	
Application of San Diego Gas & Electric Company (U902M) for Authority to Establish Its Authorized Cost of Capital for Utility Operations for 2026 and to Reset the Annual Cost of Capital Mechanism.	Application 25-03-013

ASSIGNED COMMISSIONER'S RULING CONSOLIDATING FOUR APPLICATIONS AND SCOPING MEMO AND RULING

This scoping memo and ruling sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities (Pub. Util.) Code Section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure (Rules).

1. Procedural Background

The applications under consideration relate to the cost of capital for test year 2026 for cost of equity, cost of preferred stock, cost of debt, and authorized capital structure for Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas). All four applications were filed on March 20, 2025.

A prehearing conference (PHC) was held on June 25, 2025, to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. After considering the Applications, Protests, Responses, Replies, Joint Prehearing Conference Statement, and discussion at the PHC, I have determined the issues and initial schedule of the proceeding to be set forth in this scoping memo. I have also determined that no environmental and social justice issues have been raised at this time.

2. Consolidation

I am persuaded that the administrative efficiency of handling these applications in a consolidated manner given their related questions of law and fact outweighs any potential burden to the applicants. Therefore, Application (A.) 25-03-010, A.25-03-011, A.25-03-012, and A.25-03-013 are consolidated into one proceeding.

3. Issues

This proceeding shall address SCE, PG&E, SDG&E, and SoCalGas' test year 2026 cost of capital. The issues impacting these four utilities' test year 2026 costs of capital to be considered or otherwise determined are:

1. What is the appropriate capital structure?
2. What is the appropriate cost of long-term debt?
3. What is the appropriate cost of preferred stock?
4. What is the appropriate cost of common equity?
5. What is the appropriate rate of return on the utility rate base?
6. What is the appropriateness of continuing the cost of capital mechanism as established in Decision 08-05-035 and modified by subsequent Commission decisions?
7. Should the proposal regarding carrying costs on memorandum and balancing accounts amortized over 12-months set forth in SCE's application be adopted?
8. Should PG&E's proposal for a temporary yield spread adjustment over the three-month commercial paper rate applicable to under-collected and over-collected balances in PG&E's balancing and memorandum accounts based on PG&E's actual cost of short-term debt be adopted?
9. Should PG&E's request for a revenue credit associated with the Department of Energy Loan be approved?

4. Need for Evidentiary Hearing

At the PHC, parties did not identify specific material issues of disputed fact that warrant hearing. Because it is unclear that a hearing is needed, I have determined that there is not a need for an evidentiary hearing at this time.

However, to allow for reconsideration of the hearing need after the parties have had a chance to conduct discovery, meet and confer, and review the testimony that will be served on these consolidated proceedings, we will permit parties to file a motion for evidentiary hearing after the testimony service. The

schedule in this scoping ruling and memo identifies a deadline for parties to move to request an evidentiary hearing.

If a party moves to request evidentiary hearings, any such motion must identify and describe:

- i. The material and specific disputed issues of fact;
- ii. The evidence the party proposes to introduce at the requested hearing; and
- iii. The proposed schedule for conducting the hearing.

The motion shall provide a clear, specific justification for hearing and what the moving party would seek to demonstrate through hearing. The motion shall also contain any other information necessary for the assigned Administrative Law Judge (ALJ) to make an informed decision on the motion.

5. Schedule

The following schedule is adopted here and may be modified by the ALJ as required to promote the efficient and fair resolution of the application:

Event	Date
Intervenors' prepared direct testimony served	July 30, 2025
Prepared rebuttal testimony (including Late-Filed Exhibit) served	August 20, 2025
Deadline to move to request evidentiary hearing	August 22, 2025
Meet and confer to determine list of stipulated facts	Between August 20, 2025 and August 25, 2025
Joint filing of the list of stipulated facts filed and served	August 29, 2025
Evidentiary hearing (if needed)	September 2, 2025 – September 4, 2025
Opening briefs	September 19, 2025
Reply briefs	October 3, 2025

Proposed decision	November 2025
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The proceeding will stand submitted upon the filing of reply briefs, unless the ALJ requires further evidence or argument. Based on this schedule, the proceeding will be resolved within 18 months as required by Public Utilities Code Section 1701.5

6. Alternative Dispute Resolution (ADR) Program and Settlements

The Commission's Alternative Dispute Resolution (ADR) program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. At the parties' request, the assigned ALJ can refer this proceeding to the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website.¹

Any settlement between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules and shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

7. Category of Proceeding and Ex Parte Restrictions

This ruling confirms the Commission's preliminary determination² that this is a ratesetting proceeding. Accordingly, ex parte communications are restricted and must be reported pursuant to Article 8 of the Rules.

¹ <https://www.cpuc.ca.gov/PUC/adr/>

² Resolution ALJ 176-3563 at 1.

8. Public Outreach

Pursuant to Public Utilities Code Section 1711(a), where feasible and appropriate, before determining the scope of the proceeding, the Commission sought the participation of those likely to be affected, including those likely to derive benefit from, and those potentially subject to, a decision in this proceeding. This matter was noticed on the Commission's daily calendar. Where feasible and appropriate, this matter was incorporated into engagements conducted by the Commission's External Affairs Division with local governments and other interested parties.

9. Intervenor Compensation

Pursuant to Public Utilities Code Section 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by July 25, 2025, 30-days after the prehearing conference.

10. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the "Add Public Comment" button on the "Public Comment" tab of the online docket card for the proceeding.

11. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <https://www.cpuc.ca.gov/about-cpuc/divisions/news-and-public-information-office/public-advisors-office> or contact the Commission's Public Advisor at 866-849-8390 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

12. Filing, Service, and Service List

The official service list has been created and is on the Commission's website. Parties should confirm that their information on the service list is correct and serve notice of any errors on the Commission's Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.³

When serving any document, each party must ensure that it is using the current official service list on the Commission's website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur. Rule 1.10 requires service on the ALJ of both an electronic and a paper copy of filed or served documents.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must not send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the "Information Only" category of the official service list pursuant to Rule 1.9(f).

The Commission encourages those who seek information-only status on the service list to consider the Commission's subscription service as an alternative. The subscription service sends individual notifications to each

³ The form to request additions and changes to the Service list may be found at <https://www.cpsc.ca.gov/-/media/cpsc-website/divisions/administrative-law-judge-division/documents/additiontoservicelisttranscriptordercompliant.pdf>

subscriber of formal e-filings tendered and accepted by the Commission. Notices sent through subscription service are less likely to be flagged by spam or other filters. Notifications can be for a specific proceeding, a range of documents and daily or weekly digests.

13. Receiving Electronic Service from the Commission

Parties and other persons on the service list are advised that it is the responsibility of each person or entity on the service list for Commission proceedings to ensure their ability to receive e-mails from the Commission. Please add “@cpuc.ca.gov” to your e-mail safe sender list and update your e-mail screening practices, settings and filters to ensure receipt of e-mails from the Commission.

14. Assignment of Proceeding

President Alice Reynolds is the assigned commissioner and Jonathan Lakey is the assigned ALJ and presiding officer for the proceeding.

IT IS RULED that:

1. The scope of this proceeding is described above and is adopted.
2. The schedule of this proceeding is set forth above and is adopted.
3. Evidentiary hearing is not needed.
4. The presiding officer is Administrative Law Judge Jonathan Lakey.

Dated July 16, 2025, at San Francisco, California.

/s/ ALICE REYNOLDS
Alice Reynolds
Assigned Commissioner