

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



FILED

09/03/25

04:59 PM

A2412011

In The Matter of the Application of
Southern California Gas Company
(U 904 G) for Authorization to Implement
Revenue Requirement for Costs to Enable
Commencement of Phase 2 Activities for
Angeles Link.

Application 24-12-011

**THE PUBLIC ADVOCATES OFFICE'S
OPENING BRIEF ON VARIOUS LEGAL AND POLICY ISSUES
CONCERNING THE ANGELES LINK PROJECT
AS DETAILED IN THE SCOPING MEMORANDUM**

MATTHEW TAUL
THOMAS GARIFFO
CHRISTOPHER MYERS
Analysts for Public Advocates Office

KAJ PETERSON
Engineer for Public Advocates Office

California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102
Telephone (415) 703-2908
Email: Christopher.Myers@cpuc.ca.gov

WAYNE PARKER
Attorney for Public Advocates Office

California Public Utilities Commission
300 Capitol Mall
Sacramento, CA 95814
Telephone (916) 823-4772
Email: Wayne.Parker@cpuc.ca.gov

September 3, 2025

TABLE OF CONTENTS

	<u>Page</u>
TABLE OF AUTHORITIES.....	ii
I. INTRODUCTION.....	1
II. PROCEDURAL BACKGROUND	3
III. DISCUSSION.....	5
A. Response to Scoping Memo Issues	5
1. Should the Commission consider the SoCalGas Phase 2 Application before reviewing the SoCalGas Phase 1 Compliance Application?.....	5
2. Should the Project be treated as a pipeline as defined by Public Utilities Code (Pub. Util. Code) Section 227? If so, should SoCalGas be treated as a pipeline corporation with consideration to Pub. Util. Code Section 228?	6
3. Should the Project be treated as a gas plant as defined by Public Utilities Code (Pub. Util. Code) Section 221? If so, should SoCalGas be treated as a gas corporation with consideration to Pub. Util. Code Section 228?	6
4. Is it reasonable for ratepayers, or a subset of ratepayers, to be responsible for the costs of Phase 2 Activities, as a matter of law and policy?	6
a) Applicant has not met the burden of proof.	6
b) Application of the cost causation principles dictate against the project.....	7
5. Does the Commission have jurisdiction over the Project?.....	10
IV. CONCLUSION	14

TABLE OF AUTHORITIES

Pages

California Public Utilities Code

§ 221 11
§ 207 12
§ 216 10
§ 216 (a)(1) 12

Court Cases

California Water & Tel. Co. v. Public Utilities Comm'n., (1959) 51 Cal.2d 478, 494 ... 13
General Motors Corp. v. Tracy, 519 US 278, 288-290 (1997) 11
Greyhound Lines, Inc. v. Public Utilities Commission, (1968) 68 Cal.2d 406, 415 13
Haynes v. MacFarlane (1929) 207 Cal. 529 2
Richfield Oil Corp. v. Pub. Utilities Comm'n., (1960) 54 Cal.2d 419 2, 12
Story v. Richardson (1921) 186 Cal. 162 2

California Evidence Code

§ 115 7

Commission Decisions

D.01-05-058 10
D.04-12-015 6
D.06-05-016 3, 6
D.08-12-058 7
D.22-12-055 *Passim*
D.22-12-057 11
D.24-12-074 *Passim*

Commission Rules of Practice and Procedure

Rule 13.12..... 1

Natural Gas Act

§ 1(b)..... 11
15 U.S.C. § 717 et seq. 11

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

In The Matter of the Application of
Southern California Gas Company
(U 904 G) for Authorization to Implement
Revenue Requirement for Costs to Enable
Commencement of Phase 2 Activities for
Angeles Link.

Application 24-12-011

**THE PUBLIC ADVOCATES OFFICE’S
OPENING BRIEF ON PHASE 2A ISSUES
CONCERNING THE ANGELES LINK PROJECT**

I. INTRODUCTION

Pursuant to Rule 13.12 of the California Public Utilities Commission’s (Commission) Rules of Practice and Procedure (Rules), and the July 31, 2025 *Assigned Commissioner’s Scoping Memo and Ruling* (Scoping Memo),¹ the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) hereby files this opening brief on the Phase 2A issues in the *Application of Southern California Gas Company (U 904 G) for Authorization to Implement Revenue Requirement for Costs to Enable Commencement of Phase 2 Activities for Angeles Link* (Application) filed on December 20, 2024, in Application (A.) 24-12-011.

In this application, SoCalGas seeks the Commission’s authority “... to implement a revenue requirement based on a forecasted cost of approximately \$266 million to conduct Phase 2 activities...” for “...a non-discriminatory, open-access pipeline system dedicated to public use for the transport of clean renewable hydrogen at scale” (the

///

///

¹ See, *Assigned Commissioner’s Scoping Memo and Ruling* (Scoping Memo), issued July 31, 2025, at 4.

Project).² The Commission should deny Southern California Gas Company’s (SoCalGas) request for authorization to implement a revenue requirement for costs arising from Phase 2 activities for the Angeles Link Project (Project), for the reasons discussed below.

First, the Commission’s regulatory authority over the Project is a question of first impression, as the Project, as proposed, is the first of its kind. The Application claims the Project will result in a transportation system that will deliver “clean hydrogen” from unnamed supply sources to only a few industrial, commercial, and transportation customers. SoCalGas has not yet entered into any supply contracts with any of these potential customers.³ SoCalGas’s own description of the Project raises questions as to whether this Project, once placed in service (in 2033) will be “dedicated to the public” within the meaning of California law.⁴ Without such a dedication, the Commission would not have jurisdiction over the Project.

Second, at best, the Project would only supply industrial and large commercial customers with hydrogen. However, all of SoCalGas’s ratepayers, including residential and small commercial customers that won’t receive any benefits, will pay for the Project’s expenses.

Finally, SoCalGas’ Application fails to provide reasonable information about the proposed Project. SoCalGas claims the Angeles Link Project, if built, will provide “clean hydrogen” supplied by as-yet unidentified suppliers to a very small number of commercial, industrial, and transportation buyers with whom SoCalGas has not yet contracted to provide hydrogen.⁵ The Application is essentially a request for all of SoCalGas’s current ratepayers to pay for the Project’s feasibility studies, with no

² *Application of Southern California Gas Company (U 904 G) for Authorization to Implement Revenue Requirement for Costs to Enable Commencement of Phase 2 Activities for Angeles Link (Application)* filed on December 20, 2024, at 1-2.

³ Application at 1.

⁴ See, *Richfield Oil Corp. v. Pub. Utilities Comm’n.*, (1960) 54 Cal.2d 419, 425. See also, *Haynes v. MacFarlane* (1929) 207 Cal. 529 and *Story v. Richardson* (1921) 186 Cal. 162.

⁵ Application at 1.

guarantee that the Project will ever be completed, much less benefit all ratepayers.⁶ SoCalGas therefore has failed to satisfy its burden to show that all aspects of its Application are reasonable.⁷ The Application should be denied.

II. PROCEDURAL BACKGROUND

SoCalGas filed Application (A.) 22-02-007 (Phase 1 Application) seeking the Commission’s authority to establish a memorandum account (Memo Account) to track all costs for the Project.⁸ In Decision (D.) 22-12-055 (Phase 1 Decision), the Commission authorized SoCalGas to establish a Memo Account to record the costs incurred while performing Phase One studies for the Project.⁹ In its Phase 1 Decision, the Commission also deferred any decision on whether it has jurisdiction over the Project.¹⁰ The Commission further instructed SoCalGas that if it sought to begin recording costs in its Memo Account for Phase 2, it must file a separate application.¹¹ That application would have to “...provide the findings and results from the Phase One feasibility studies, including any analyses...” on sixteen separate issues of concern identified in the Phase 1 Decision.¹²

SoCalGas filed the current Application in accordance with the Phase 1 Decision in December 2024.¹³ In its Protest to the Application, Cal Advocates requested the Commission bifurcate the proceeding into two tracks/phases: Track/Phase 1 would determine whether the Commission had the required jurisdiction to provide the requested relief with respect to the Angeles Link Project as envisaged and described by SoCalGas

⁶ Application at 1.

⁷ D.06-05-016 at 7.

⁸ Application 22-02-007, *Application of Southern California Gas Company for Authorization to Establish a Memorandum Account for the Angeles Link Project*, filed February 17, 2022, at 1.

⁹ D.22-12-055, *Decision Approving the Angeles Link Memorandum Account to Record Phase One Costs*, filed December 15, 2022, at 1; in Application (A.) 22-02-007.

¹⁰ D.22-12-055 at 8.

¹¹ D.22-12-055 at 52.

¹² D.22-12-055 at 52-53.

¹³ Application at 1.

in the Application.¹⁴ Phase 2, if necessary, would proceed to the merits of the Application. Cal Advocates and several other parties to this proceeding restated this request for a ruling on the Commission's jurisdiction as well as other crucial issues during the Prehearing Conference of the parties and the assigned administrative law judge on March 14, 2025.¹⁵

On June 12, 2025, SoCalGas filed Application (A.) 25-06-011 (Phase 1 Compliance Application) for authorization to recover costs recorded in the Memo Account.¹⁶ Cal Advocates timely filed its protest of the Cost of Recovery Application on July 17, 2025.¹⁷ Since both proceedings A.24-12-011 and A.25-06-011 are connected to the Project, on July 8, 2025, The Utility Reform Network (TURN) filed a motion (Motion to Consolidate) requesting the Commission consolidate these two separate proceedings.¹⁸

On July 31, 2025, the Assigned Commissioner issued a Scoping Memorandum.¹⁹ In the Scoping Memorandum, the Assigned Commissioner bifurcated Phase 2 of the proceeding. Phase 2A would address certain threshold issues and Phase 2B issues will be defined and determined as needed based on the decision adopted in Phase 2A.²⁰ These issues include:

¹⁴ See, *The Public Advocates Office Protest of Application of Southern California Gas Company (U 904 G) for Authorization to Implement Revenue Requirement for Costs to Enable Commencement of Phase 2 Activities for Angeles Link* (Protest), filed January 23, 2025, at 2.

¹⁵ Reporter's Transcript (RT), Vol. 1 at 26:9-25, 27:1-11 (Cal Advocates, Parker). See also, RT, Vol. 1 at 16:11-19 (SoCalGas, Patel), 18:12-19 (Air Products, Hilton), and 20:20-25 (Indicated Shippers, Hafez).

¹⁶ Application (A.) 25-06-011, *Application of Southern California Gas Company (U 904 G) for Authorization to Recover Costs Recorded In Its Angeles Link Memorandum Account* (Cost of Recovery Application), June 20, 2025.

¹⁷ See, *The Public Advocates' Protest of the Application of Southern California Gas Company (U 904 G) for Authorization to Recover Costs Recorded In Its Angeles Link Memorandum Account* (Cal Advocates Cost of Recovery Protest), July 17, 2025.

¹⁸ *Motion of The Utility Reform Network for Consolidation of Proceedings or Issues* (Motion to Consolidate), filed July 8, 2025. The Motion to Consolidate remains outstanding and has not yet been ruled upon.

¹⁹ See, *Assigned Commissioner's Scoping Memo and Ruling* (Scoping Memo), dated July 31, 2025.

²⁰ Scoping Memo at 4.

- (1) Should the Commission consider the SoCalGas Phase 2 Application before reviewing the SoCalGas Phase 1 Compliance Application?
- (2) Should the Project be treated as a pipeline as defined by Public Utilities Code (Pub. Util. Code) Section 227? If so, should SoCalGas be treated as a pipeline corporation with consideration to Pub. Util. Code Section 228?
- (3) Should the Project be treated as a gas plant as defined by Public Utilities Code (Pub. Util. Code) Section 221? If so, should SoCalGas be treated as a gas corporation with consideration to Pub. Util. Code Section 228?
- (4) Is it reasonable for ratepayers, or a subset of ratepayers, to be responsible for the costs of Phase 2 Activities, as a matter of law and policy?
- (5) Does the Commission have jurisdiction over the Project?

Cal Advocates' brief addresses each of these topics below, following the order in the Scoping Memo.

III. DISCUSSION

A. Response to Scoping Memo Issues

1. Should the Commission consider the SoCalGas Phase 2 Application before reviewing the SoCalGas Phase 1 Compliance Application?

Cal Advocates recommends that any determination on the entirety of the Phase 1 Compliance Application be held until the full record of the Phase 2 application is developed and the Commission has delivered a decision on the entirety of the Phase 2 Application. The value and validity of the outreach process and the studies that are the subject of the Phase 1 Compliance Application cannot be assessed until the Commission has rendered a decision with respect to the Phase 2 Application. SoCalGas was ordered to provide the Phase 1 studies as part of the Phase 2 application.²¹ Whether the studies that SoCalGas has provided satisfy the orders of the Commission has yet to be determined. These studies must be evaluated along with other sources of information for their

²¹ D.22-12-055 at 75

adherence to the Commission’s orders and value to the Phase 2 decision making process. Parties must have the opportunity to present their positions and provide the Commission with a full range of potential objections to the scenarios, impacts, benefits and costs presented within the Phase 1 studies. Only after the Commission has weighed the merits of the record developed through Phase 2 and rendered a decision can the Commission decide whether the costs recorded in the Memorandum Account were reasonably incurred to satisfy the Commission’s orders.

- 2. Should the Project be treated as a pipeline as defined by Public Utilities Code (Pub. Util. Code) Section 227? If so, should SoCalGas be treated as a pipeline corporation with consideration to Pub. Util. Code Section 228?**

Please see response to Scoping Memo Question 5.

- 3. Should the Project be treated as a gas plant as defined by Public Utilities Code (Pub. Util. Code) Section 221? If so, should SoCalGas be treated as a gas corporation with consideration to Pub. Util. Code Section 228?**

Please see response to Scoping Memo Question 5.

- 4. Is it reasonable for ratepayers, or a subset of ratepayers, to be responsible for the costs of Phase 2 Activities, as a matter of law and policy?**
 - a) Applicant has not met the burden of proof.**

As the Applicant, SoCalGas “has the burden of affirmatively establishing the reasonableness of all aspects of its [A]pplication. Intervenors do not have the burden of proving the unreasonableness of [SoCalGas’] showing.”²² As the Commission has explained “[t]he burden of proof lies fully on the applicants, notwithstanding the expertise of [Cal Advocates] and others to effectively critique and challenge the applicants’ filing.”²³ Therefore, SoCalGas faces the burden of proving that its Application meets the criteria for authorizing a revenue requirement for the Project.

²² D.06-05-016, p. 7.

²³ D.04-12-015, pp. 8-9.

In determining whether an applicant has met its burden of proof, the Commission often applies the preponderance of the evidence standard to weigh the existence or nonexistence of facts presented by the applicant and intervenors.²⁴ The preponderance of the evidence standard is prevalent in civil and administrative law cases,²⁵ and it is generally viewed to require that the evidence presented on one side of an issue is more persuasive than in opposition.²⁶ The preponderance of the evidence standard does not relieve the applicant of the burden of initially producing evidence that is actually persuasive, and other parties are not required to offer evidence if the applicant fails to meet its initial burden.

Nowhere in its Application and subsequent filings does SoCalGas identify an existing clean hydrogen generation facility that would supply its proposed hydrogen to the Project. Nor does SoCalGas identify specific customers who have an existing demand for the hydrogen that would be supplied by the Project. SoCalGas also fails to explain how this Project will meet any specific energy reliability goal or requirement. In addition, SoCalGas' Applications and other filings fail to refute the California Energy Commission's (CEC) statements that green hydrogen is a nascent technology that is still in the research and development stage.²⁷ Without identifying a specific need for the proposed Project and viable sources of green hydrogen generation to serve it, SoCalGas fails to explain how a proposed Project will benefit the ratepayers who SoCalGas wants to pay for the Project.

b) Application of the cost causation principles dictate against the project.

Furthermore, SoCalGas fails to demonstrate that its request to broadly allocate the Project's Phase 2 costs to its ratepayers is consistent with the Commission's cost causation principle. The "Commission generally adopts the cost-causation principle when

²⁴ See, D.08-12-058, p. 17. See also, California Evidence Code § 115.

²⁵ D.08-12-058, p. 17.

²⁶ California Administrative Hearing Practice 2nd Ed. (CEB) Section 7.51.

²⁷ CEC EPIC Interim Investment Plan, p. A-41.

determining cost recovery, under which costs are recovered from the specific set of ratepayers on whose behalf the utility incurs the costs.”²⁸ In the Phase 1 Decision, the Commission put SoCalGas on notice that “not all ratepayers may benefit from the Project” and “[u]nder the cost causation principle, rate recovery from all ratepayers would not be appropriate.”²⁹ In keeping with SoCalGas’ failure to identify specific ratepayers that will benefit from the Project in its Phase 1 Application, SoCalGas does not identify any ratepayers within its service territory who will benefit from the Project.

SoCalGas instead claims the Commission should approve the Project because it will provide broad societal benefits.³⁰ SoCalGas’s attempt to evade the cost causation principle by claiming broad societal benefits, such as GHG emissions reduction and researching and supporting the market for new technologies, is unpersuasive. In Resolution G-3601, the Commission denied SoCalGas’s request to fund an Off-Road transportation subprogram that focused on emissions reductions from off-road vehicles, including “rail, ocean-going vessels, and commercial harbor craft, and construction and cargo handling equipment.”³¹ Specifically, the Commission determined the subprogram did not “provide benefits to the vast majority of [research, demonstration, and deployment] ratepayers.”³² The Commission reasoned that, because SoCalGas’s core customers (which include residential and small commercial customers)³³ fund 92% of

²⁸ D.22-12-055 at 55, internal citation omitted.

²⁹ D.22-12-055 at 22, internal citation omitted.

³⁰ Southern California Gas Company (U 904 G) Reply to Protests and Responses, February 3, 2025, at 10-11; in A.24-12-011.

³¹ Resolution E-3601, *This Resolution partially approves and partially modifies Southern California Gas Company’s Advice Letter 5991-G requesting to record Research, Development, and Demonstration (RD&D) expenses to its RD&D Account*, November 30, 2023, at 26.

³² Resolution E-3601 at 26.

³³ Core customers are residential and small commercial customers to whom the regulated utility provides both pipeline and gas commodity service. See <https://www.cpuc.ca.gov/industries-and-topics/natural-gas/natural-gas-and-california>

SoCalGas’s RD&D program, yet would not receive the majority of the benefits from the subprogram, core customers should not fund the subprogram.³⁴

Similarly, in D.24-12-074, the Commission denied SoCalGas’s request to build and own hydrogen fueling stations for public access because that request did “not comport with cost causation to justify ratepayer funding.”³⁵ The Commission stated that it “is unclear which category of SoCalGas customers will directly benefit from building this infrastructure” and that it is unclear “how these fueling stations will impact market competition, as ratepayer will cross-subsidize the construction and sale of hydrogen.”³⁶ The Commission observed that:

If utilities are confident that hydrogen fueling stations are economically viable and can be designed without taking advantage of their monopoly status, which guarantees a rate of return from ratepayers, they should be allowed to file an application that relies on shareholder funds to so do. In exchange, they should have an opportunity to benefit from their success based on the revenue generated at each new station they build.³⁷

Thus, the failure to identify specific existing customers who would directly benefit from the Project are an important policy consideration. The lack of evidence put forth by SoCalGas demonstrates the Project is something other than what SoCalGas claims it will be, i.e., it is not a project that will result in used and useful infrastructure for existing customers who pay for it. Here, the preponderance of the evidence demonstrates that SoCalGas’s current customers will be asked to pay for a hydrogen transportation service from which they will receive no benefit. The evidence provided by the utility to date

³⁴ Resolution E-3601 at 26.

³⁵ D.24-12-074, *Decision Addressing the 2024 Test Year General Rate Cases of Southern California Gas Company and San Diego Gas & Electric Company*, December 19, 2024, at 623; in A.22-05-015 and A.22-05-016.

³⁶ D.24-12-074 at 623.

³⁷ D.24-12-074 at 625.

demonstrates that any benefits that would accrue from the Project are to reduce shareholder financial risks, and not to benefit ratepayers.

SoCalGas has failed to meet its burden of affirmatively establishing the reasonableness of ratepayers, in whole or in part, bearing any of the costs associated with the Project. Therefore, SoCalGas' request that the Commission authorize a revenue requirement for the Project is unreasonable and the Application should be denied.

5. Does the Commission have jurisdiction over the Project?

The Commission must establish whether it is required to assert jurisdiction before it can authorize the revenue requirement for the Project.³⁸ If the Commission concludes it lacks the required jurisdiction or determines its jurisdiction is in any way uncertain, then the Commission should not authorize the revenue requirement sought by SoCalGas.

SoCalGas asserts the Commission has jurisdiction over the Project because (1) SoCalGas's natural gas services is regulated by the Commission, and (2) SoCalGas intends to dedicate the Project's infrastructure to provide hydrogen transportation services to the LA Basin.³⁹ SoCalGas contends that because it is already regulated by the Commission with respect to its natural gas operations, both in terms of safety and economic regulation, the Commission has similar jurisdiction over the Project's planned hydrogen transportation services.^{40 41}

Cal Advocates agrees that SoCalGas is a public utility regulated by the Commission as defined in Public Utilities Code § 216, and the Commission has jurisdiction to approve or deny any SoCalGas request to authorize the revenue

³⁸ See, e.g., Decision (D.) 01-05-058 at 16-20 (discussing California constitutional, statutory and case law regarding the California PUC's jurisdiction and whether the Commission has jurisdiction with respect to a MHP or a multi-unit apartment obtaining water or sewer service from a Commission-regulated public utility.).

³⁹ Phase 1 Application at 1. See also, Application at 17-18.

⁴⁰ Phase 1 Application at 1. See also, Application at 17-18.

⁴¹ Phase 1 Application at 1. See also, Application at 17-18.

requirement of projects related to its natural gas service.⁴² Nor does Cal Advocates dispute that the Commission has the jurisdiction to regulate interstate natural gas and renewable gas sales and pipeline transportation.⁴³ Indeed, the Commission already exercised its jurisdiction with respect to transporting hydrogen via natural gas pipeline where it authorized regulated utilities to seek approval for hydrogen blending pilots in order to test the effects of hydrogen blending into natural gas pipelines.⁴⁴

However, there are several reasons the Commission should not assert jurisdiction over this particular hydrogen project, much less approve ratepayer funding of such a project. First, the Project, is in the research and development stages, and contemplates an intrastate hydrogen transport system that SoCalGas may construct by 2033.⁴⁵ As SoCalGas explicitly acknowledges the Project "...would be unrelated to any efforts involving blending hydrogen into the existing natural gas transmission and distribution system."⁴⁶ Indeed, in the Phase 1 Application, SoCalGas touts the Project as a "first-of-its-kind...to deliver renewable green hydrogen into the Los Angeles Basin."⁴⁷

Moreover, the only potential customers SoCalGas references in the Application are the Los Angeles Department of Water and Power (LADWP), the Ports of Long Beach and Los Angeles, and other unnamed industrial customers.⁴⁸ This description amounts to

⁴² Pub. Util. Code § 221.

⁴³ *General Motors Corp. v. Tracy*, 519 US 278, 288-290 (1997)(When federal regulation of the natural gas industry finally began in 1938, Congress, too, clearly recognized the value of such state-regulated monopoly arrangements for the sale and distribution of natural gas directly to local consumers... Thus, [§ 1\(b\)](#) of the NGA, [15 U.S.C. § 717\(b\)](#), explicitly exempted "local distribution of natural gas" from federal regulation.). See also, Public Util. Code §221 and the Natural Gas Act, 15 U.S.C. § 717 et seq.

⁴⁴ See D.22-12-057 [authorizing testing of hydrogen blending] and A.22-09-006 [authorizing gas utilities to propose hydrogen blending pilot projects.]

⁴⁵ Application at 30-31 ("Two segments of Angeles Link are envisioned to be operational by the end of 2033 to help launch the California Hydrogen Hub and provide necessary connections between producers and end users. One segment is an approximately 80-mile pipeline that currently is envisioned to follow existing SoCalGas lines in the Central Valley. The other segment would run approximately 46 miles from Lancaster to the Los Angeles Basin, providing transport of hydrogen from producers in the Lancaster area directly to Los Angeles...")

⁴⁶ Phase 1 Application at 37.

⁴⁷ Phase 1 Application at 1.

⁴⁸ Application at 17-18.

an admission that there is no existing demand by the “public, or a portion thereof” as defined and required by P.U. Code §§ 207 and 216 (a)(1) for this hydrogen transportation and supply service. Rather, SoCalGas’s claims demonstrate that currently there is only a nascent and potentially competitive market for hydrogen in California. Even SoCalGas’s demand study presents a potential market demand not an actual market.⁴⁹ Given that there is no existing market, there is no role for the Commission to act as a surrogate for competition.

If the Commission were to grant SoCalGas the revenue requirement it seeks, it risks effectively granting SoCalGas a monopoly and a competitive advantage that may distort the operation of a new market and thereby undermine the efforts of any potential competitors. It should not be the role for the Commission to shield a publicly traded venture into a new market from market competition.

Finally, SoCalGas also fails to demonstrate how a Project to provide hydrogen to a few industrial, commercial, and transportation customers in a new and potentially competitive market would meet the requirements of the dedication principle that limits the Commission’s jurisdiction. California courts have relied on the “dedication principle” for many decades to determine the limits of the Commission’s otherwise broad jurisdiction over certain activities by entities providing services to a portion of the public.⁵⁰ The California Supreme Court described the dedication principle in *Richfield Oil Corp. v. Pub. Utilities Comm'n.*, (1960) 54 Cal.2d 419.⁵¹ Whether

⁴⁹ Angeles Link Phase 1 Demand Study Final Report December 2024 at 7.

⁵⁰ The Public Utilities Code defines a “public utility” as “...every common carrier, toll bridge corporation, pipeline corporation, gas corporation, electrical corporation, telephone corporation, telegraph corporation, water corporation, sewer system corporation, and heat corporation, where the service is performed for, or the commodity is delivered to, the public or any portion thereof.” Pub. Util Code § 216(a)(1). The “public or any portion thereof” is defined as “the public generally, or any limited portion of the public, including a person, private corporation, municipality, or other political subdivision of the State, for which the service is performed or to which the commodity is delivered.” Pub. Util Code § 207.

⁵¹ *Richfield Oil Corp. v. Pub. Utilities Comm'n.*, (1960) 54 Cal.2d 419.

dedication has occurred is a question of fact.⁵² Dedication may be express or inferred.⁵³ “Regardless of peculiar service configurations, the scope of dedication is not determined by mechanical formulas but ultimately by the fact that the utility has dedicated its resources to a particular enterprise, venture, or undertaking.”⁵⁴ Put another way, “[d]edication is normally evidenced by some act which is reasonably interpreted and relied upon by the public as a holding out or indication of willingness to provide service on equal terms to all who might apply.”⁵⁵

SoCalGas’ description of the Project shows that it wishes to enter the nascent hydrogen transportation market and provide such service to only a few customers.⁵⁶ SoCalGas, has not presented evidence for any executed any memoranda of understanding, supply contracts or any other form of binding legal contract to transport hydrogen to its potential new customers, much less any other customers. In short, the Project is nothing more than SoCalGas’s venture into a new commercial market.⁵⁷

///

///

///

⁵² *Greyhound Lines, Inc. v. Public Utilities Commission*, (1968) 68 Cal.2d 406, 415.

⁵³ *Greyhound Lines, Inc. v. Public Utilities Commission*, (1968) 68 Cal.2d 406, 415.

⁵⁴ *Greyhound Lines, Inc. v. Public Utilities Commission*, (1968) 68 Cal.2d 406, 415.

⁵⁵ *California Water & Tel. Co. v. Public Utilities Comm’n.*, (1959) 51 Cal.2d 478, 494.

⁵⁶ Phase 1 Application, pp. 5-6 (“...a first-of-its-kind infrastructure solution like the Project...will take years to implement...”). SoCalGas calling this Project a “first-of-its kind” is an admission there is no current demand for hydrogen, green or otherwise, by the general public or a portion thereof.

⁵⁷ Angeles Link Phase 1 Demand Study Final Report December 2024 at 7.

IV. CONCLUSION

Cal Advocates respectfully requests that the Commission consider and adopt the recommendations described above and deny the Application.

Respectfully submitted,

/s/ Wayne Parker

WAYNE PARKER

Attorney Public Advocates Office

California Public Utilities Commission

300 Capitol Mall

Sacramento, CA 95814

Telephone: (916) 823-4772

Email: Wayne.Parker@cpuc.ca.gov

September 3, 2025