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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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A2504004

Application of Pacific Gas and Electric Company (U39E) for a Certificate of Public Convenience and Necessity Authorizing the Construction of the S-238 Hinkley Compressor Station Electrical Upgrades Project.

Application 25-04-004

ASSIGNED COMMISSIONER'S 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 Code Section 1701.1 and Article 7 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure (Rules).

1. Procedural Background

On April 9, 2025, Pacific Gas and Electric Company (PG&E) filed the instant application seeking a Certificate of Public Convenience and Necessity (CPCN) for an electrical upgrades project (Project) at its S-238 natural gas compressor station in Hinkley, California (Application). PG&E also requested Commission approval of any required environmental document required under the California Environmental Quality Act (CEQA). The Application requests the Commission: (1) determine that the proposed project is required by the public convenience and necessity; and (2) authorize Energy Division to approve minor project modifications, as defined.

On May 12, 2025, the Application was protested by the Public Advocates Office at the California Public Utilities Commission and The Utility Reform Network. On May 20, 2025 PG&E filed a reply to the protests.

Prior to holding the prehearing conference (PHC), the Commission as the lead agency under CEQA initiated its environmental review. On October 9, 2025, the Commission issued its draft Initial Study/Mitigated Negative Declaration (IS/MND) for the project for the 30-day public comment period per CEQA. Due to a noticing issue, the IS/MD public comment period was extended to November 21, 2025. After the public comment period, the Commission will review and modify as necessary. A final IS/MND is currently expected in January 2026.

As proposed in the Application, the Project will replace the electrical distribution system within the Hinkley compressor station. The station's existing electrical power switchgear, motor control centers (MCCs), and load center would be replaced or modified, and connecting conduit and new or replacement cable would be installed between the switchgear and MCC locations. Based on the draft IS, the Commission intends to adopt a MND under CEQA.

A PHC was held on November 3, 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. A ruling was issued by the assigned Administrative Law Judge (ALJ) on November 4, 2025, clarifying directions provided at the PHC. After considering the Application, protests, and reply and discussion at the PHC, I have determined the issues and initial schedule of the proceeding to be as set forth in this scoping memo.

2. Issues

The issues to be determined or otherwise considered are:

1. Whether the Application satisfies requirements pursuant to:
 - a. General Order 177;
 - b. Public Utilities Code Section 1001 *et seq.*;
 - c. The Commission's Rules of Practice and Procedure;
 - d. The Commission's *Guidelines for Energy Project Applications Requiring CEQA Compliance: Pre-filing and Proponent's Environmental Assessments*, and;
 - e. Any other applicable requirements.
2. Considerations related to CEQA, including:
 - a. Whether the Project and/or project alternatives have significant environmental impacts;
 - b. Whether there are feasible mitigation measures and/or potentially feasible project alternatives that will eliminate or lessen the significant environmental impacts to an insignificant level, and whether the Project or any alternatives is environmentally superior;
 - c. Whether the CEQA process for the Project was completed in compliance with CEQA, whether the CEQA document was reviewed and considered by the Commission, and whether the CEQA document reflects the Commission's independent judgment; and
 - d. Whether the Commission should certify the CEQA document.
3. Whether the Project includes the replacement or installation of assets whose need is affected by the station's gas compression volumes.
 - a. If it does, we will also consider whether these effects are substantial enough such that it is probable that their need over the Project's 40-year asset life is eliminated.

- b. If they are, we will consider whether, in light of California's greenhouse gas emissions reductions goals and projected future declines in natural gas demand, the Project poses the risk of stranded assets.
- 4. Issues related to the cost of the Project, including:
 - a. Whether PG&E has already received Commission authorization to recover any costs for the Project from ratepayers, and if so, in what decision and in what amount;
 - b. Whether PG&E is requesting in any other proceeding cost recovery authorization for any costs applicable to the Project, and if so where and in what amount;
 - c. Whether the Project cost estimate is reasonable overall, including whether PG&E has demonstrated that the Project satisfies the proposed need at the lowest possible cost; and
 - d. Whether, regardless of the venue for cost recovery authorization, the Commission should set a cost cap or provide any other cost recovery direction for the Project in this proceeding, and if so what that should be.
- 5. Whether the Application raises any environmental or social justice issues.
- 6. Whether Project serves a present or future public convenience and necessity, and whether the Commission should grant PG&E a CPCN for the Project.
- 7. Whether the Commission should grant Energy Division the authority to approve requests by PG&E for minor project modifications that may be necessary during final engineering and construction of the Project so long as Energy Division finds that such minor project modifications do not require a subsequent environmental document under Section 15162 of the CEQA Guidelines.

2.1. Direction to Pacific Gas and Electric Company to Submit Supplemental Testimony

At the PHC, parties discussed the concern raised by intervenors in their protests that the project might not be needed in light of future forecasted declines in overall gas demand. PG&E stated in its reply to the protests, and at the PHC, that these concerns are not relevant to the project because the project relates to electrical assets that are not related to the gas compression capacity of the station.¹ The ALJ indicated that this was not clear in the record to date and that the record should be supplemented on this issue.² PG&E indicated its willingness to provide this detail via a motion.³ However, in place of a motion to supplement the administrative record, PG&E shall submit additional evidence in the form of supplemental testimony that:

- Is titled *Supplemental Testimony Clarifying the Relationship Between the Project and the Station's Compression Capacity*;
- Contains a list of all the proposed assets to be replaced, repaired, or are otherwise funded by the project, and for each asset or equipment type, states whether that asset affects, or is affected by, the compression capacity of the station. Beyond this statement, to demonstrate the connection or lack thereof, the testimony shall:
 - Explain in layman's terms the purpose and operation of the project asset, and of whatever equipment the asset supports. (For example, if the equipment powers fans, it should state why the fans are needed, and whether the need for the fans/the operation of the fans is affected by the volume of gas being compressed.)Testimony shall clearly explain why in operational

¹ Reporter's Transcript (RT) page 26: lines 15-22.

² RT page 23; lines 5-6.

³ RT page 26; line 1.

terms the asset is affected (or not) by compression volumes.

- For any assets that affect or are affected by gas compression volumes, estimates the extent of the impact and explains whether the asset would still be needed if overall gas demand declines by more than 40 percent by 2065.

3. Need for Evidentiary Hearing

As of the PHC, parties had not conclusively determined whether they believe hearings are needed. Parties agreed it was prudent to plan within the proceeding schedule for the eventuality that hearings may be needed.⁴ I conclude that, while it is not clear that hearings will be required, it is reasonable to allow for that possibility. Accordingly, I will allow parties to present evidence and, at a later time, indicate whether they believe evidentiary hearings are needed. After filing of testimony and rebuttal, and with the intervening ample time for discovery, parties shall file a Joint Case Management Statement detailing issues that remain in dispute and whether any party believes hearings will be necessary. The schedule below reflects these milestones. The need for evidentiary hearing will be determined by the assigned ALJ; if hearings are needed further instructions will be provided.

4. 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
PG&E serves <i>Supplemental Testimony Clarifying the Relationship Between the Project and the Station's Compression Capacity</i>	January 9, 2026

⁴ RT pages 43-44.

EVENT	DATE
Expected final environmental document	January 2026
Intervenors' prepared direct testimony served	March 7, 2026
PG&E's rebuttal testimony served	April 7, 2026
Rule 13.9 deadline for parties to meet and confer; Joint Case Management Statement filed and served; deadline for parties to request evidentiary hearings	April 20, 2026
If hearings needed	
Evidentiary hearing, if needed	May 7, 2026
Opening briefs	TBD
Reply briefs [<i>matter submitted</i>]	TBD
Proposed decision (PD)	Q3-Q4 2026
Commission decision	No sooner than 30 days after PD
If no hearings needed	
Opening briefs	May 28, 2026
Reply briefs [<i>matter submitted</i>]	June 8, 2026
Proposed decision	Q3 2026
Commission decision	No sooner than 30 days after PD issued

The purpose of the Joint Case Management Statement is to: (1) provide an update on the status of settlement talks, if any; and (2) ascertain whether, pursuant to Rule 13.8(c), the parties stipulate to the receipt of prepared testimony into evidence without direct or cross examination or other need to convene an evidentiary hearing or, in the alternative, the parties' resources, readiness and needs for the effective remote conduct of the evidentiary hearing, including estimates of time requested for cross-examination and identification of

anticipated exhibits. The Statement shall clearly identify all stipulated issues and a list of issues that remain in dispute, if any. If any party requests hearings it must identify specific material issues of disputed facts they wish to cross-examine in hearings.

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.

5. Alternative Dispute Resolution 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.⁵

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.

The schedule set forth in this Scoping Memo includes a date for the submission of the Joint Case Management Statement. No later than this date, the parties will submit to the assigned ALJ a status report of their efforts to settle the

⁵ <https://www.cpuc.ca.gov/PUC/adr/>.

issues, identifying agreements on issues reached and unresolved issues requiring hearing.

Any settlement agreements between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules and motions for adoption of settlement agreements shall be filed and served in writing. Such settlement agreements 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.

**6. Category of Proceeding and
Ex Parte Restrictions**

This ruling confirms the Commission's preliminary determination⁶ that this is a ratesetting proceeding. Accordingly, *ex parte* communications are restricted and must be reported pursuant to Article 8 of the Rules.

7. 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.

⁶ Resolution ALJ 176-3563, Attachment at 2.

8. 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 December 3, 2025, 30 days after the PHC.

9. 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.

10. 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 email to public.advisor@cpuc.ca.gov.

11. 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 1.4.⁷

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

⁷ The form to request additions and changes to the Service list may be found at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/administrative-law-judge-divisions/documents/additiontoservicelisttranscriptordercompliant.pdf>.

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; however, at the explicit direction of the assigned ALJ to this proceeding, parties are directed to file electronically only.

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 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.

12. 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 emails from the Commission.

Please add “@cpuc.ca.gov” to your email safe sender list and update your email screening practices, settings and filters to ensure receipt of emails from the Commission.

13. Assignment of Proceeding

Matthew Baker is the assigned Commissioner and Maria Sotero 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. Pacific Gas and Electric Company shall serve *Supplemental Testimony Clarifying the Relationship Between the Project and the Station’s Compression Capacity* as directed in this ruling.
3. The schedule of this proceeding is set forth above and is adopted.
4. Evidentiary hearing is not currently required but may later be determined to be needed.
5. The presiding officer is Administrative Law Judge Maria Sotero.
6. The category of the proceeding is ratesetting.

Dated November 24, 2025, at San Francisco, California.

/s/ MATTHEW BAKER

Matthew Baker
Assigned Commissioner