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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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A2509014

Application of SOUTHERN CALIFORNIA GAS COMPANY (U904G) and SAN DIEGO GAS & ELECTRIC COMPANY (U902G) for authority to revise their natural gas rates and implement storage proposals effective January 1, 2027 in this Cost Allocation Proceeding.

Application 25-09-014

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

1. Procedural Background

Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E) filed Application (A.) 25-09-014 on September 30, 2025, seeking authority to (1) revise the rates for the gas services they provide to customers, and (2) implement new gas storage proposals. The utilities requested that the proposed new rates and gas storage strategies proposed in A.25-09-014 be effective as of January 1, 2027, and remain in effect until December 31, 2029.

A.25-09-014 was filed as a Cost Allocation Proceeding and proposes modifications of cost allocation across both utilities' different customer classes. The largest customer class for each utility is described as the core customer class,

which is almost exclusively residential customers, with some small commercial, industrial customers and customers that provide aggregated gas transportation services.¹

Both SoCalGas and SDG&E also serve noncore customers, which are medium and large commercial and industrial customers, electric generators, and wholesale customers.

For both utilities, the core and noncore customer demand is expected to decrease in 2027-2029 as compared to current levels, but revenues associated with serving demand and transportation related costs are expected to increase between current rates and what may be recoverable by the utilities in 2027-2029.²

The utilities seek the Commission's approval to modify how they each allocate gas services costs across their different customer classes. The utilities also seek authorization to implement gas-storage proposals related to the management of the storage capacity at Aliso Canyon, Honor Rancho, La Goleta, and Playa del Rey for system reliability, and the allocation of costs related to the management of those storage facilities across the customer classes.

A prehearing conference (PHC) was held on December 8, 2025, to discuss 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 information provided in A.25-09-014, the parties' protests and responses, and associated discussion at the PHC, I have determined the issues and initial schedule of the proceeding to be set forth in this scoping memo.

¹ A.25-09-014 at 1.

² A.25-09-014 at 7-9.

2. Issues

The issues to be determined or otherwise considered in A.25-09-014 are:

1. Should the proposed 2027 gas service and gas transportation rates for SoCalGas and SDG&E and the associated cost allocation across customer classes, as based on the applicants' demand forecasts provided in A.25-09-014, become effective January 1, 2027?
 - a. What are the drivers behind the transmission rate changes proposed for all customer classes?
 - b. Do the proposed allocation of costs by customer class align with cost causation principles?
 - c. Are the proposed costs for each customer class just and reasonable?
 - d. How will the residential customer charge proposed in A.25-09-014 impact energy affordability in the applicants' service territories?
2. Should asset retirement obligations be considered assets of the utilities and/or be considered in the utilities' cost allocation scenarios?
3. Should the Commission approve the storage allocation proposals provided in A.25-09-014, including proposals addressing overall capacity, allocations, balancing, and the reduction of storage capacity?
 - a. How will the applicants' storage allocation proposals impact system reliability and balancing rights?
 - b. Do the applicants' proposed storage allocation modifications align with prior Commission decisions, including, but not limited to, Decision 24-12-074, related to Aliso Canyon's maximum storage level?
 - c. Are the costs associated with the applicants' storage allocation proposals provided in A.25-09-014 just and reasonable across core and non-core customer classes?
4. Should the Commission authorize the use of existing balancing accounts for SoCalGas and SDG&E to track and

- seek recovery of noncore transportation revenue requirement as currently authorized in the Noncore Fixed Cost Account (NFCA)?
5. Should the Commission approve SoCalGas's and SDG&E's proposed cost allocation and cost recovery mechanisms on an ongoing basis unless or until a party proposes, and the Commission approves, modification of either or both?
 6. Should SoCalGas be authorized to eliminate its Enhanced Oil Recovery Account (EORA) and incorporate the recovery of EORA allocated costs to the NFCA?
 7. Are SoCalGas and SDG&E's off-system delivery and backbone transportation service (BTS) related proposals, including the proposed modifications to SoCalGas Rule 30 Operational Requirements in the public interest?
 8. Should SoCalGas be authorized to reallocate BTS costs, Pipeline Safety Enhancement Plan costs, and Transmission Integrity Management Plan costs to the local transmission function?
 - a. Should the Commission authorize SoCalGas' proposed reduction for its contractual limit of its BTS capacity?
 - b. How would the proposed modifications to SoCalGas' Rule 23, which would increase core electric generation eligibility from one megawatt (MW) to 10 MW and eliminate the monthly usage limitation of 20,800 therms per active month for core electric generation eligibility, impact existing customers?
 9. What are the potential impacts on environmental and social justice communities, including consideration of how the proposed cost allocation modifications, including changes to gas storage allocations, may impact the achievement of any of the nine goals of the Commission's Environmental and Social Justice Action Plan?

3. Need for Evidentiary Hearing

Each of the issues listed above may raise contested, material issues of fact. An evidentiary hearing is needed. This finding is based on the protests and

responses to A.25-09-014, and discussion during the December 8, 2025, PHC. Accordingly, we will allow parties to present evidence on each of these issues. A placeholder for hearing dates is included in the schedule below, and a final determination of the need for evidentiary hearing will be determined by the assigned Administrative Law Judge (ALJ) in a future ruling.

4. Schedule

The following schedule is adopted here and may be modified by the assigned ALJ as required to promote the efficient and fair resolution of A.25-09-014:

EVENT	DATE
Intervenors' prepared direct testimony served	May 15, 2026
Prepared rebuttal testimony served	June 15, 2026
Status conference	June 22, 2026
Joint case management statement served	June 10, 2026
Evidentiary hearing (if needed)	July 20-24, 2026
Opening briefs	August 2026
Reply briefs	September 2026
Proposed decision	October 2026
Commission decision	Q4 2026

The purpose of the June 22, 2026 status conference and the July 10, 2026, joint case management statement is to 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 conduct of the evidentiary hearing, including estimates of time requested for cross-examination and identification of anticipated exhibits.

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 Pub. Util. 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.³

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.

6. Category of Proceeding and Ex Parte Restrictions

This ruling confirms the Commission's preliminary determination that this is a ratesetting proceeding.⁴ Accordingly, *ex parte* communications are restricted and must be reported pursuant to Article 8 of the Rules.

³ <https://www.cpuc.ca.gov/PUC/adr/>.

⁴ Resolution ALJ 176-3571.

7. Public Outreach

Pursuant to Pub. Util. 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.

8. Intervenor Compensation

Pursuant to Pub. Util. 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 January 7, 2026, 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 1.4.⁵

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. However, the ALJ waives the requirement to serve a paper copy of filed documents in this proceeding.

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).

⁵ 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>.

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

Commissioner John Reynolds is the assigned Commissioner and Carrie Sisto 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 needed.
4. The presiding officer is Administrative Law Judge Carrie Sisto.

5. The category of the proceeding is ratesetting.

Dated December 23, 2025, at San Francisco, California.

/s/ JOHN REYNOLDS

John Reynolds
Assigned Commissioner