

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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Application of Southern California Gas  
Company (U904G) for Authorization to  
Implement Revenue Requirement for  
Advanced Meter Infrastructure  
Replacement Project

Application No. 25-12-019  
(Filed December 30, 2025)

**MOTION OF SOUTHERN CALIFORNIA GAS COMPANY (U904G) TO  
ESTABLISH ADVANCED METER INFRASTRUCTURE REPLACEMENT  
MEMORANDUM ACCOUNT**

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**I. INTRODUCTION AND RELIEF REQUESTED**

Pursuant to Rule 11.1 of the California Public Utilities Commission’s (“CPUC” or “Commission”) Rules of Practice and Procedure, Southern California Gas Company (“SoCalGas”) hereby moves the Commission to issue an order: (1) to establish the Advanced Meter Infrastructure Replacement Memorandum Account (“AMIRMA”), an interest-bearing memorandum account to record revenue requirement incurred during the pendency of this proceeding and prior to the Commission’s issuance of a final decision; and (2) for the effective date of the AMIRMA to be the Application (A.) 25-12-019 (“Application”) filing date (December 30, 2025).

The Advanced Meter Infrastructure Replacement (“AMIR”) Project is a planned, systemwide replacement of SoCalGas’s legacy Advanced Meter Infrastructure (“AMI”) system, which is reaching end of life and becoming obsolete. The AMI system is the backbone of SoCalGas’s meter-to-cash process, enabling accurate usage measurement and billing for more than six million customers. Without AMI, usage would need to be collected manually, increasing costs significantly, delaying billing, and elevating the risk of estimated bills and

billing exceptions.<sup>1</sup> The AMI system is also foundational to SoCalGas's ability to provide safe, reliable, and affordable service to customers and provides meaningful environmental benefits, in alignment with Commission and State objectives.

To meet the timelines outlined in the Application, SoCalGas must initiate several AMIR Project activities during the pendency of the proceeding, well in advance of a final Commission decision. These activities include vendor selection and engagement as well as pre-planning activities to begin system build. These upfront efforts cannot reasonably be deferred until after a final decision without jeopardizing the project schedule and increasing the risk of widespread system failures, reactive replacement efforts, and higher costs for customers. Without the AMIRMA, SoCalGas's costs are at risk, and SoCalGas cannot delay this work.<sup>2</sup>

Accordingly, SoCalGas seeks authorization to establish the AMIRMA with an effective date of the Application filing date (December 30, 2025), to track revenue requirement associated with the AMIR Project necessarily incurred during the period the Commission is evaluating SoCalGas's Application. The costs proposed to be recorded in the memorandum account are included within the forecasted costs included in the Application. If approved, SoCalGas proposes that the balance recorded in the AMIRMA be transferred to the Advanced Meter Infrastructure Replacement Balancing Account ("AMIRBA") as part of the Commission's final

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<sup>1</sup> "Billing exceptions" generally refers to a situation where a customer's bill cannot be automatically generated or processed through the normal billing system and workflow, usually because of lacking, inconsistent, or abnormal data that requires manual review or correction before the bill can be issued.

<sup>2</sup> Similarly, Pacific Gas and Electric Company (PG&E) requested to establish Billing Modernization Memorandum Accounts (BMMAs), explaining that for its billing systems to keep pace with modern customer, regulatory, and business needs and avoid the risk of asset failure and increased cybersecurity risk, PG&E needed to perform critical work immediately and track the costs while the Commission evaluated its application. In D.25-08-008, the Commission authorized the establishment of the BMMAs, effective the date of the application, finding that tracking costs for a billing system upgrade was reasonable and was in the public interest based on the project's potential cost and implementation before the next GRC.

decision in this proceeding, where it can be tracked against authorized costs. SoCalGas also proposes to establish the AMIRMA by filing a Tier 1 advice letter. The relief sought in this Motion is reasonable and consistent with longstanding Commission precedent and policy.

## **II. BACKGROUND**

SoCalGas's existing AMI system was authorized in Decision (D.) 10-04-027 and deployed systemwide between 2012 and 2018. That system now serves as the backbone of SoCalGas's metering, billing, analytics, and operational visibility functions. However, third-party end of life analyses confirm that significant meter communication module (module) battery failures will begin around 2030. The current module is also becoming obsolete, with the manufacturer no longer producing the current module at any scale after 2031, beyond what is required to service existing warranty obligations. Because the AMI system operates as an integrated network, associated components must also be replaced to maintain compatibility and to support evolving cybersecurity needs. Several of these components will also no longer be supported by the manufacturer after 2038 and, until then, the manufacturer will only provide support to the system as-is (i.e., current state).

Addressing these failures reactively across more than six million meters would be imprudent, operationally inefficient, and significantly more expensive than a planned replacement effort. The AMIR Project therefore reflects a planned, systemwide approach to preserving the essential capabilities of the AMI system while avoiding the substantial risks and costs associated with delay or reactive remediation. To execute this approach prudently, SoCalGas must begin certain activities before a final decision is issued.

## **III. MEMORANDUM ACCOUNT TREATMENT IS APPROPRIATE**

A memorandum account is appropriate to allow recovery of incremental costs incurred

upon a reasonableness showing at a later time.<sup>3</sup> The Commission has identified various factors useful in considering a utility's request to establish a memorandum account and has typically considered whether the costs are incremental to the utility's general rate case (GRC), substantial, and not speculative.<sup>4</sup> As the Commission has explained, it "has not always applied all of the factors or required that they all be met before authorizing a memorandum account. At different times, the Commission has considered all these factors, considered only some of these factors, or relied on other public policy considerations in determining whether to authorize a memorandum account."<sup>5</sup> As an example, in D.25-08-008, the Commission authorized the establishment of PG&E's Billing Modernization Memorandum Accounts (BMMAs) for the purpose of allowing it to track costs associated with its Building Modernization Initiative (BMI).<sup>6</sup> There the Commission provided it had discretion to approve memorandum accounts that meet some or all of the criteria and found it reasonable to establish the BMMAs, even though it did not meet all of the criteria, given the project's potential cost and implementation before the next GRC.<sup>7</sup> The Commission concluded that establishing the BMMAs, with an effective date of the Application, was reasonable and should be granted.<sup>8</sup>

Here, the proposed costs to be tracked in the AMIRMA, which are currently estimated to be approximately \$4 million and include vendor selection and engagement as well as pre-planning activities to begin system build, are incremental to SoCalGas's GRC as they were not

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<sup>3</sup> See D.06-01-018 at 5-6.

<sup>4</sup> D.18-06-029 at 7; *see also* D.21-04-015 at 26; D.22-02-011 at 6.

<sup>5</sup> D.23-05-012 at 7.

<sup>6</sup> See D.25-08-008.

<sup>7</sup> D.25-08-008 at 3-5.

<sup>8</sup> D.25-08-008, Conclusion of Law (COL) 1, at 10.

requested for recovery in SoCalGas's most recent test year (TY) 2024 GRC proceeding. In addition, due to the need to commence the work expeditiously (e.g., in 2026) the costs proposed to be tracked in the AMIRMA cannot practically be made part of SoCalGas's upcoming GRC filing, which seeks authorized revenue requirements beginning with the TY 2028. Further, the costs are substantial and not speculative—the costs to be recorded in the proposed AMIRMA are currently estimated to be approximately \$4 million.

In addition, the Commission has routinely authorized memorandum accounts similar to the AMIRMA requested here. For example, in D.24-11-010, PG&E sought authorization to establish memorandum accounts to track costs incurred while its Advanced Metering Infrastructure (GAMI) Replacement Program Application (A.24-03-011) was pending. The Commission authorized the Gas Advanced Metering Infrastructure Memorandum Account (GAMIMA), finding that PG&E would incur incremental costs for its GAMI Replacement Program prior to a final Commission decision and concluding that approval of the GAMIMA was reasonable. The Commission authorized tracking effective the date of the application filing date.<sup>9</sup> As another example, in D.24-12-074, the Commission directed San Diego Gas & Electric Company (SDG&E) to file an application for cost recovery of its Smart Meter 2.0 replacement project and Smart Meter system upgrade. SDG&E was authorized to maintain a Memorandum Account as an interim means to record costs to deploy meter and module replacement or to service existing equipment from January 1, 2024, to the date of its Smart Meter 2.0 replacement project application.<sup>10</sup>

Authorizing SoCalGas to establish the AMIRMA is fair, reasonable, and consistent with

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<sup>9</sup> See D.24-11-010.

<sup>10</sup> D.24-12-074, Ordering Paragraph (OP) 51 at 1100.

the Commission's objectives to "leave both ratepayers and shareholders essentially indifferent to the precise date that [a] final decision is delivered; remove incentives for any procedural gaming that might be attempted if gains could be realized through delay; and allow sufficient time, for parties as well as decisionmakers, for review and critical analysis of the record."<sup>11</sup>

Moreover, establishment of the AMIRMA will not prejudice any party by prejudging the recoverability of any costs presented in SoCalGas's Application. Consistent with Commission precedent, memorandum accounts are routinely authorized as an interim mechanism pending full Commission review. For example, as the Commission stated in D.24-11-010, "the decision does not authorize Pacific Gas and Electric Company to recover costs recorded in the Comprehensive Gas Advanced Metering Infrastructure Replacement Program Memorandum Account. Whether, how, and to what extent Pacific Gas and Electric Company may recover the costs tracked in the memorandum account will be determined after Application 24-03-011 has been fully reviewed and determined in this proceeding."<sup>12</sup> The proposed AMIRMA allows time for the Commission and parties to review SoCalGas's AMIR Project Application, while preserving SoCalGas's opportunity to recover costs that the Commission finds reasonable.

SoCalGas proposes to establish the AMIRMA by filing a Tier 1 advice letter and, consistent with Commission precedent, requests to establish the AMIRMA with an effective date of the Application filing date (December 30, 2025).<sup>13</sup> SoCalGas also proposes that the balance

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<sup>11</sup> D.03-05-076, Finding of Fact (FOF) 4 at 9; *see also* D.06-05-016 at 349-350; D.03-05-032 at 7 ("interim relief that leaves ratepayers and shareholders indifferent to the actual data of the Commission's revenue requirement decision is fair from the perspective of both ratepayers and shareholders."); D.23-05-012, FOF 7 at 9.

<sup>12</sup> D.24-11-010 at 2.

<sup>13</sup> *See, e.g.*, D.18-01-014, at 11, COL 8 at 14 (approving Suburban Water Systems' Asbestos Litigation Memorandum Account effective date as of the application's date pursuant to the parties' settlement agreement; Commission found that "this agreed-upon effective date of the ALMA reasonable and



recorded in the AMIRMA be transferred to the AMIRBA as part of the Commission's final decision in this proceeding, where it can be tracked against authorized costs.<sup>14</sup>

#### IV. CONCLUSION

For the foregoing reasons, SoCalGas respectfully requests the Commission grant this Motion.

Respectfully submitted on behalf of  
Southern California Gas Company,

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consistent with the law"); D.18-06-029 at 15 (approving PG&E's Wildfire Expense Memorandum Account as of the application's filing date); D.18-11-051 at 8 (approving Southern California Edison's ("SCE") Wildfire Expense Memorandum Account as of the application's filing date); D.19-01-019 at 6 (approving SCE's Application for Approval of a Grid Safety and Resiliency Program Memorandum Account effective as of application's filing date, holding that the Grid Program was "in the public interest" as SCE was "proposing to undertake significant and incremental steps to improve its systems and infrastructure to mitigate wildfire risks"); D.19-09-026 at 10 (establishing memorandum accounts of SoCalGas, SDG&E, SCE, and PG&E to track costs associated with the CCPA as of the date the applications were filed); D.20-05-042 (approving Golden State Water Company's memorandum account, effective on the application's date, to track CCPA costs); D.24-11-010 (establishing PG&E memorandum account as of the date of the application); D.25-08-008 (establishing PG&E memorandum as of the date of the application).

<sup>14</sup> The costs proposed to be recorded in the memorandum account are included within the forecasted costs included in the Application.